C270 -2
© Entire contents copyright 1989 by Crain Communications Inc. All rights reserved.

PENSIONS &
InvestmentAge
The newspaper of corporate and institutional investing

1989 vs. 1987 . . .

More than the capital markets have changed in the two years between record stock market highs.

A comparison of newspapers the day after the new all-time high — set Aug. 24, 1989 — and the day after the previous record — set Aug. 25, 1987 — yielded the following tidbits:

- The 1989 stock market record made the front page of the New York Times, along with stories on photos of Neptune, the new noncommunist Polish government and the drug crackdown in Colombia. In 1987, the stock market didn't even make the Times' front page.
- The Dow Jones Industrial Average's new high was the lead item of The Wall Street Journal's "What's News" column last month. But the day after the market's record two years earlier, the lead item was on OPEC.
- On Aug. 25, the Detroit Tigers had the worst record in major league baseball, with a winning percentage of 0.367. On Aug. 26, 1987, Detroit was No. 1, with 0.597.

Confidence greets new high

Worries on market hard to find

Institutional investors remained confident about the stock market as it reached a new high almost exactly two years after the previous record was set.

The earlier record was followed within two months by an unprecedented market plunge, but the market is less overvalued and risky than it was two years ago, some institutional investors say.

Interest rates and price-earnings ratios are lower now than they were in 1987, and the fear of recession has eased, they said. A few expressed concern about program trading, but more on its potential to accentuate short-term market moves than on its effect on overall market attractiveness.

One reason pension fund executives appear relatively unconcerned about the new high is that the average pension fund's equity exposure is significantly lower than it was two years ago, although higher than in December 1987. According to the Employee Benefit Research Institute, Washington, in August 1989 the average equity exposure of private funds was 39.1%, while in August 1987 it was 42.4% and in December 1987 it was 36.2%.

Reflecting the relative lack of concern, however, a number of money management firms and internally managed pension funds have higher equity exposures than they did at that time.

- Harris Bretall Sullivan & Smith Inc., San Francisco, is fully invested in its equity accounts, while it was at its maximum cash position — 75% — two years ago. Its balanced accounts, whose parameters vary by client, are also at their equity maximum.
- Matrix Capital Management, Greenwich, Conn., has its tactical asset allocation accounts at an average of 65% equities, vs. 35% to 40% in 1987.
- First Chicago Investment Advisors, while somewhat underweighted in stocks, is far less so than two years ago. Its domestic equity portfolios are 85% invested, compared with 48% in late August 1987; its multiasset portfolios have 31% in U.S. stocks and 8% in foreign stocks, compared with 18% and 5%, respectively, two years ago.
- Bankers Trust Co. — Investment Management Group, New York, sees its tactical asset allocation model indicating an overweighting in stocks. For an account whose benchmark weighting is 55% stocks, the model calls for 67% stocks. On. Aug. 1, 1987, it called for 74% stocks, but this dropped to 62% by September and 35% by October.
- The LTV Corp., Dallas, has its internally managed equity accounts 94% to 95% invested in the market, compared with 85% in August 1987. In 1987, it also terminated some external managers, raising its overall cash position to 30% by the time of the October crash.
- The Teacher Retirement System of Texas, Austin, is at 42.5% equities and is trying to reach its equity maximum, 45%. It was at this maximum early in 1987, but cut back to 40% after the August market peak.

There are several key differences between today's stock market and that of two years ago, investors said.

Interest rates were rising then, but are stabilizing now after a decline, said Harry

Continued on page 54

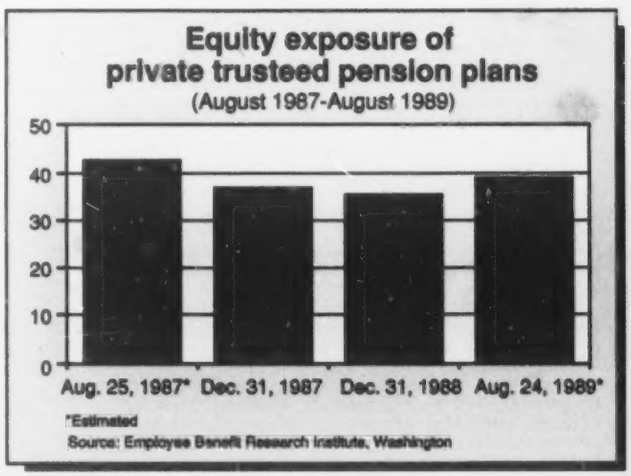


Illustration by Kurt Mitchell

Crushed by the weight

15 years later, is ERISA too much of a good thing?

By Joel Chernoff

On March 1, ACO Inc. buried its defined benefit plan. Cause of death: fifteen years of ERISA complexities.

Citing a plethora of government regulations that made maintenance of the retirement plan too burdensome and expensive, the retail hardware store chain based in Farmington Hills, Mich., terminated the $2.3 million plan, leaving its 750 full-time employees reliant solely on its 401(k) salary reduction plan.

When enacted in 1974, the Employee Retirement Income Security Act imposed "a necessary burden" of governmental oversight, explained William Aiken, ACO chairman and chief executive officer.

"It is the legislation (and regulations) subsequent to that that have made the whole arena of providing retirement benefits extremely onerous."

Since President Gerald Ford signed the landmark legislation into law, it has become so cumbersome and complex many employers just want to throw up their hands.

Instead of encouraging formation of defined benefit plans — which most pension experts cite as the best type of retirement plans — creation of new plans is at a standstill. And defined contribution plans, which shift the investment risk to participants, are growing.

Since 1982, ERISA has been amended no less than seven times, imposing new and sweeping requirements on employers in such areas as funding, contributions, vesting and non-discrimination rules.

But most of the major changes were in sections of the tax code that govern benefit plans. In too many instances, pension experts say,

Continued on page 55

INSID
A s
Grov
equi
...e future
...ks on verge
...omeback - 47
A full shopping cart
Fund goes on buying spree
for international stocks - 17
Ya gotta have trust
Master trust/custody assets up
to $1.8 trillion - 25

BETHESDA MD 20814
4520 EAST-WEST HWY SU 800
STATISTICAL REFERENCE INDEX
04052669Z 01P100891B COMP
BNZ
•••••••••••••••5-DIGIT 20814

LATE NEWS

Rumor hinting at UAL buy-out

CHICAGO — Late last week, reports were circulating that UAL Corp. would be taken private in a management-led buy-out that would include an ESOP share to be financed with surplus pension assets. UAL officials and union leaders would not confirm the reports.

The reported proposal appears similar to one put forth by the Air Line Pilots Association in 1987. At that time, the union made a bid for the airline, to be financed in part by a leveraged employee stock ownership plan funded with a reversion from the pilots' overfunded defined benefit plan.

According to its latest annual report, pension plans at UAL had $1.65 billion in assets and $1.12 billion in accumulated benefit obligations as of Dec. 31, for a surplus of $527 million. A decline in interest rates since then, however, could have increased the obligations by about $220 million, *Pensions & Investment Age* estimates, decreasing the surplus by that amount.

Reportedly, the pilots' $1.2 billion defined contribution plan also would play a role.

The ESOP would own 60% of the company.

The pilots union's master executive committee met Aug. 31, but the union would not disclose what transpired. UAL executives denied knowledge of such a plan, while another union representative, at the Association of Flight Attendants, said she had heard the rumors but did not know if they were true.

Time, Warner investors air gripes

NEW YORK — Institutional shareholders of Time Inc. and Warner Communications Inc. held an energetic discussion about their concerns that boards of directors will reject more takeover bids as a matter of course in light of the Delaware Supreme Court's ruling allowing the $14 billion merger of the two media and entertainment giants. But they did not agree on a course of action to register their discontent.

The Aug. 24 meeting in New York was spearheaded by Institutional Shareholder Services Inc., a Washington consulting firm whose clients include public pension funds with holdings in the two companies.

In July, the Delaware Supreme Court gave Time and Warner the green light to merge, effectively derailing Paramount Communications Inc.'s hostile $12 billion bid. The court also affirmed the right of the board of directors to control the fate of the company in an unfriendly takeover and allowed it to reject a hostile bid because a long-term strategic plan was in place.

Some institutional investors fear the court ruling will lead to fewer mergers — and thus fewer opportunities to reap the rewards of ownership in mergers or takeovers.

3 more execs join Trust Advisory

WESTPORT, Conn. — Three more executives associated with Evaluation Associates Investment Management Co., Norwalk, are joining Trust Advisory Group, the investment firm started by three former top EAIMC officials.

Frank W. Siegel, formerly a trust officer at Huntington Trust Co., Columbus, Ohio, who had served as a special projects consultant to EAIMC, has been named manager of Trust Advisory Group's Midwest office in Westerville, Ohio, according to James C. Ryan, president of the firm, which is based in Westport.

Greg Franklin, former client service analyst at EAIMC, joined Trust Advisory Group as director of analytical services. Debbie Jenestreet, former office manager at EAIMC, has joined Trust Advisory Group in the same capacity.

Trust Advisory Group was formed July 31 by Mr. Ryan, former president of EAIMC, the bank funds management arm of Evaluation Associates Inc., along with Mark Portnoy and Mark Tonnucci, both senior vice presidents at EAIMC.

Robert P. Watson previously was named the new president of EAIMC. A spokeswoman for the firm said replacements for the other executives are in the process of being selected.

State Street gets custodian job

WASHINGTON — The $210 million U.S. Army Non-Appropriated Fund Employee Retirement Plan Trust has picked State Street Bank and Trust Co., Boston, as its custodian, replacing Sovran Bank, Richmond, Va., said William Brantley, chairman of the board of trustees.

The transfer is expected to occur Oct. 1. The Atlanta office of Callan Associates Inc. was the consultant.

DEPARTMENTS

Cash management	19	Money movers	52
Classified	52	Opinion	10
Financing	13	PIPER	21
International	17	Portfolio management	47
Master trust/custody	25	PROPERTY	49

Vol. 17, No. 19 — Pensions & Investment Age (ISSN 0273-5466) is published biweekly with a special edition in May, at 740 Rush St., Chicago, Ill. 60611. Second class postage paid at Chicago, Ill. and at additional mailing offices. Postmaster: Send address changes to Pensions & Investment Age, Circulation Dept. 965 E. Jefferson, Detroit, Mich. 48207.

Questionnaires are in the mail

Questionnaires have been mailed for *Pensions & Investment Age*'s annual consultants directory. In order to be included in the Nov. 13 directory, completed questionnaires must be returned by Sept. 15. If you have any questions or have not received a questionnaire, please call Christine Philip, directory coordinator, at (312) 649-5217.

BICs win 10% of GIC market

By Fred Williams

The banking industry has solidified its position in the short-term guaranteed investment industry, capturing about 10% — or about $2.6 billion — of the assets allocated to guaranteed investment products during the 13 months ended July 31.

As banks have gained market share and improved their pricing methods, however, the spread between short-term bank contracts and similar GICs has narrowed.

More banks have started bidding for guaranteed income accounts in competition with insurance companies, pulling in a total of about $10 billion of the estimated $150 billion guaranteed investment market, according to insurance industry estimates. Industry sources said as many as 80 banks offer guaranteed investment products, up from about 20 only one year ago.

While the number of banks willing to bid has increased, sources noted only about a dozen, mainly money-center banks, are major BIC underwriters.

The defeat in Congress of an insurance industry-backed measure to put a two-year moratorium on federal pass-through insurance for pension fund investments in BICs apparently cleared the way for smaller banks to enter the bidding by offering the additional benefit of coverage by the Federal Deposit Insurance Corp. of up to $100,000 per participant in each plan.

Insurance industry sources warn, however, they again will seek a ban on FDIC coverage for BICs as early as next year, depending on the outcome of three studies of federal pass-through insurance and the involvement of banks in the guaranteed marketplace. The studies were ordered in the new thrift bailout law.

Studies by the FDIC and General Accounting Office are due in early 1990; a third, by the Department of the Treasury, is due in 1991.

The FDIC study is expected to mirror FDIC Chairman William Seidman's position favoring FDIC coverage of BICs.

Spread narrows between BICs and GICs*

	January '89	July '89
3-year	31	10
5-year	12	5
7-year	5	2

* figures shown in basis points for $1 million compound contract

Source: Mercer Meidinger Hansen Asset Planning Inc., Deerfield, Ill.

The insurance industry was "shocked," according to one major insurance company executive, by the findings of a survey of business lost to banks by a major GIC issuer. The study found that between June 1, 1988 and July 31, 1989 banks captured nearly $2.6 billion away from GICs.

The survey showed 16 banks wrote contracts with average contract terms of 2.26 years. Bankers Trust Co. wrote 26 contracts during the period, followed by Citibank with 12, Manufacturers Hanover Trust Co. with 8, and Union Bank of Finland with 7.

Future gains in market share may be more difficult to obtain, however, as the spreads between short-term BICs and GICs have started to erode.

Data from Mercer Meidinger Hansen Asset Planning Inc., Dallas, shows the spread on an average $1 million compound interest three-year BIC over a similar GIC

Continued on page 53

More funds drop MERUS

Exodus of personnel simply too much for some

By Steve Hemmerick

Two additional pension funds are withdrawing a total of $205 million from MERUS Capital Management after rejecting the money management firm's claim that a recent exodus of seven staff members didn't hurt its investment capability.

Trustees for the $9 billion Los Angeles County Employees' Retirement Association said they will give 30 days notice that they are taking back their $180 million with MERUS as soon as they can reach an agreement with a firm to handle the assets. They are negotiating with INVESCO Capital Management, Atlanta, to handle the assets.

The trustees made the decision to leave MERUS because they believe the firm no longer meets their criteria of having a five-year investment track record and adequate professional staffing.

The $550 million Houston Municipal Employees' Pension Plan is withdrawing its $25 million allocation from MERUS and will distribute it among the fund's other equity managers.

Louise Mitchell, pension plan administrator, said trustees are making the move because the current MERUS staffers are not the people Houston hired, and the people who left were critical to the investment process.

In addition, officials of two other pension funds — the $1.5 billion New Mexico Public Employees' Retirement Association, which has $230 million with MERUS, and the $2.2 billion Louisiana State Employees' Retirement System, which has $190 million with MERUS — said they have scheduled meetings with MERUS executives to discuss the personnel changes.

Earlier, the $700 million Federal Express Corp. pension fund pulled its $65 million equity portfolio from MERUS, and MERUS officials said another client also left, but they wouldn't identify the client.

MERUS, a division of the Bank of California, has about $1.2 billion in tax-exempt assets, and is an active equity and balanced manager.

But officials at the firm did receive some good news when trustees for the $1.8 billion Los Angeles Water & Power Employees' Retirement Plan decided to retain MERUS as manager for $245 million.

Kathleen Thornton, assistant retirement plan manager, said fund trustees decided to stay with MERUS' "very disciplined" investment approach — but will monitor the situation — because they hired an investment discipline, not an employee "star system."

The man who started the exodus from MERUS, former chief investment officer Anthony E. Spare, said his old firm is only a shell of what it once was because the key investment personnel

Continued on page 54

KKR suit draws yawns

By Marcia Parker

Institutional investors in Kohlberg Kravis Roberts & Co.'s multibillion-dollar leveraged buy-out funds are largely unconcerned about a lawsuit filed by a KKR founder who has split from the world's premier leveraged buy-out firm.

In the suit, Jerome Kohlberg Jr. alleges he, and possibly other KKR limited partners, lost out when KKR recapitalized five portfolio companies, trimmed Mr. Kohlberg's stake and redistributed the ownership interests to other KKR associates.

Mr. Kohlberg left KKR in 1987 and set up his own investment firm, citing philosophical differences. He retained an interest in the firm and its transactions.

In the lawsuit filed in New York State Supreme Court Aug. 22, Mr. Kohlberg alleged his existing share of investments in five KKR companies was "wrongfully and unilaterally reduced" when KKR refinanced the companies.

The companies are: Marley Co., a manufacturer of heat exchange equipment and fluid handling equipment that was taken private in 1981; Houdaille Industries, Inc., a maker of engineered mechanical seals, molded packing and other industrial products that was taken private in 1979; Idex Corp., another industrial products firm KKR bought in 1988 and expanded by acquiring six related companies; Pacific Realty Associates, a real estate investment firm with Oregon properties, that was taken private in 1983; and M&T, another real estate firm with California properties.

Most KKR investors, including officials of several large state and private pension funds, insurance companies and university endowments, said they do not believe KKR boosted the ownership stake of the firm or its associates in any of the five deals at their expense or that they were shortchanged. They said they are satisfied with the hefty returns they have had on their KKR investments in companies they consider well managed, growing and strong performers.

One investor called a rash of recent bad press about troubles at the world's largest buy-out firm nothing more than "KKR bashing." Recent news stories have focused on the financial ailments of Seaman's Furniture and SCI, both KKR companies, and on Mr.

Continued on page 55

BRADFORD & MARZEC, INC.

FIXED INCOME ASSET MANAGEMENT

EVE ATCHISON
(213) 687-9170

333 SOUTH HOPE STREET
SUITE 4050
LOS ANGELES, CALIFORNIA 90071

Few tears shed on loss of IPCs

By Trudy Ring

The cessation of trading in index participation contracts won't be a great loss to institutional investors, but it might hasten a shakeout among financial market regulators.

The U.S. Court of Appeals for the 7th Circuit, Chicago, ruled Aug. 18 the contracts are futures and fall under the jurisdiction of the Commodity Futures Trading Commission, not the Securities and Exchange Commission, which had approved them in May. Two futures exchanges, the Chicago Board of Trade and the Chicago Mercantile Exchange, had appealed the SEC's approval.

After the ruling, the Philadelphia Stock Exchange and the American Stock Exchange announced they would limit trading of the contracts, with a few exceptions, to transactions to liquidate positions, pending further notice. According to the court decision, all trading must cease at the end of September.

The contracts did not attract great interest from institutional investors.

Harris Derivative Investments Inc., Chicago, a manager of enhanced index funds, didn't seriously consider using them, said Steve Krisik, executive vice president. "We found that in general, the markets we were using, the futures markets, were sufficient for what we were doing," he said.

Jeffrey Geller, vice president of BEA Associates Inc., New York, said the lack of the contracts won't affect his clients, for whom he primarily uses S&P 500 futures. Those are still the most efficient way to buy the market, he said.

"We didn't have any hopes pinned on them," said Patricia Dunn, president of Wells Fargo Investment Advisors, San Francisco. "We would only have been interested in them had they attracted volume."

The Philadelphia exchange's S&P 500 contract had average daily volume of about 1,500 from May through July. Its "blue chip" contract had far less, about 11 contracts a day. Volume figures were not available from the Amex.

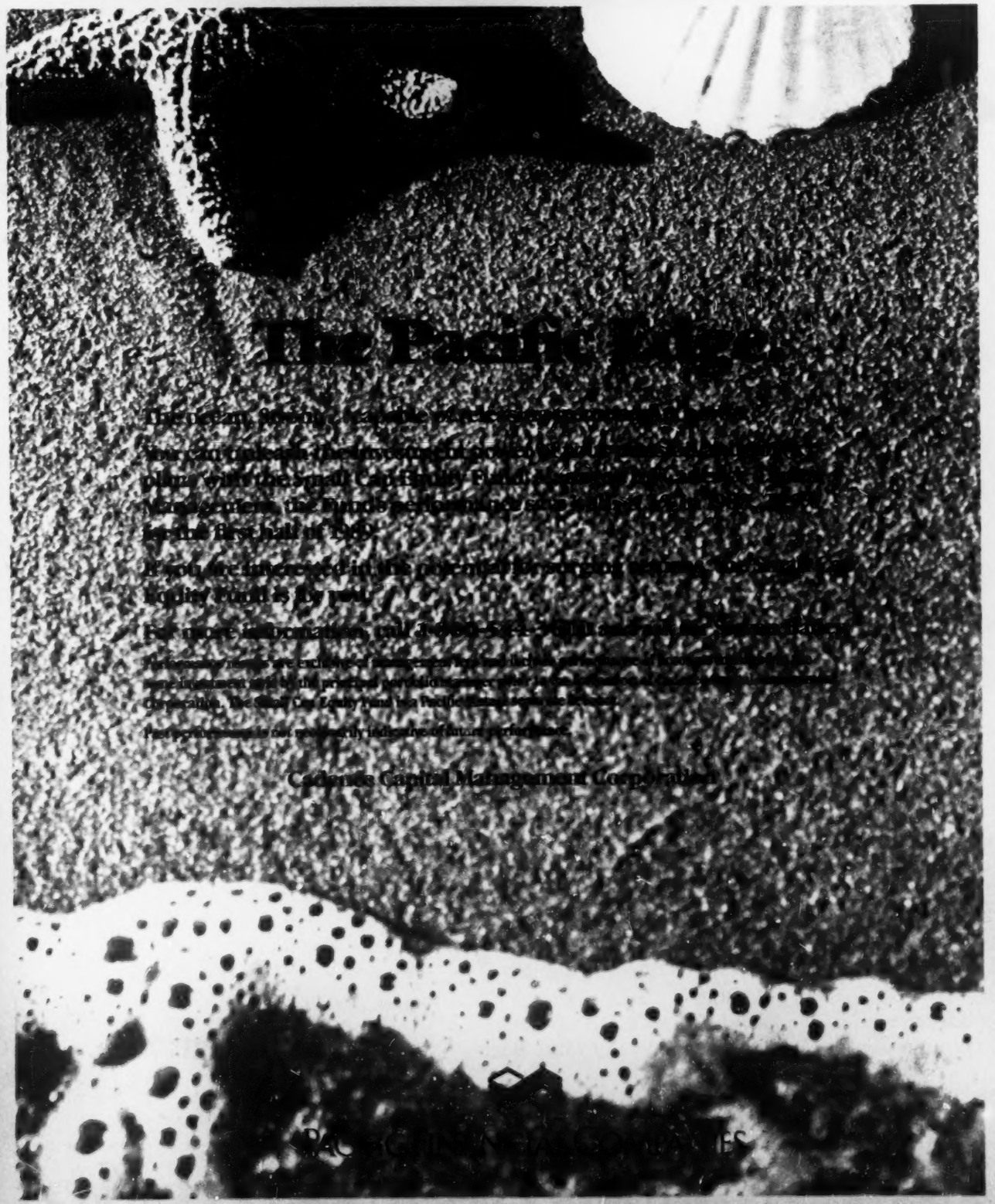
The Philadelphia exchange has filed an amended version of the contracts with the SEC, said Nicholas A. Giordano, president. He added he hopes the SEC appeals the ruling to the Supreme Court.

Amex officials said they are weighing various options.

The contracts, which began trading in May, tracked either the Standard & Poor's 500 Stock Index or a less diversified, large-capitalization index and were cash-settled. Unlike futures and options, they did not have an expiration date, but had cash-out privileges.

Mr. Giordano said the contracts also differed from futures in that they paid dividends and had higher margin requirements.

Executives at the Chicago futures exchanges called the decision a major victory. "It reaffirms the exclusive jurisdiction of our regulator, the CFTC, over products that serve as instruments for price discovery and risk transfer, which is precisely what futures contracts do," said Karsten Mahlmann, chairman of the Chicago Board of Trade. ■



CORRECTIONS & CLARIFICATIONS

• **The City of Detroit Retirement Systems** has total assets of $3.4 billion. An incorrect figure was published in the Aug. 21 issue.

• **Penn Mutual Life Insurance Co.**, Philadelphia, was identified incorrectly in the PIPER listings in the Aug. 21 issue.

Also, in PIPER, **Equitable Capital Management Corp.'s** Growth Stock Account 4 was identified as value oriented. The growth account has a value discipline that guides the selection of specific holdings.

INTERNATIONAL

Pension fund buys on its own

Strategy cuts costs but raises questions

By Margaret Price

STAMFORD, Conn. — A pioneering global investment strategy undertaken by a pension fund is raising important new questions about the relationships among funds, investment managers and brokers.

The $650 million fund of Combustion Engineering Inc. plunged into the global arena with a $20 million one-day purchase in early July. The purchase, arranged through Morgan Stanley & Co., New York, helped Combustion contain costs associated with constructing a portfolio.

T. Britton Harris, Combustion's assistant treasurer-investments, decided to borrow an investment idea that proved successful for him in the past: buy stocks directly from a broker and give them to money managers later. Mr. Harris employed the same technique on domestic securities while senior financial analyst at the pension fund of Texas Utilities Co., Dallas.

In late spring, Mr. Harris hired three money managers — Acadian Asset Management Inc., Boston; Marathon Asset Management Ltd., London; and WorldInvest Ltd., London — and asked them to select the stocks they wanted to manage for Combustion. Allocations amounted to $5 million each for Acadian and Marathon and $10 million for WorldInvest.

In late June, Combustion arranged with Morgan Stanley to buy all the desired stocks as part of a negotiated block trade that would be carried out largely in one 24-hour period. On July 1, nearly all of the portfolio's 220 stocks from 17 countries were turned over to Combustion's three new money managers.

The deal was clearly a boon to Combustion and Morgan Stanley. John Stimpson, a Morgan Stanley principal, claims his firm never before handled such an international block transaction for a pension fund.

Combustion's Mr. Harris boasts of two key benefits to the fund: price appreciation, because the acquired stocks were purchased just before the July rally in world markets, and substantial cost savings in the purchase transactions.

By buying stocks directly through one broker and in volume, "we saved at least one-third of the costs traditionally incurred by starting a portfolio of this or any size," said Mr. Harris. Combustion had arranged its commission deal with Morgan Stanley before any stocks were bought.

Morgan Stanley used its own broker network, when possible, or other local brokers — to fill the purchase order. According to Morgan Stanley's Mr. Stimpson, these stocks were purchased on an "agency basis," meaning brokers were not held to any one price.)

Mr. Harris claims that as part of this deal, Morgan Stanley guaranteed that there would be no "net market impact" on the portfolio from the block trades. He also claimed his new money managers, although initially dubious about the potential for savings on the deal, eventually "became believers."

But some of the money managers, as well as other managers and pension fund consultants, raised other issues surrounding the transaction.

Jeremy Hosking, a director and founder of Marathon Asset Management, cited such attractions for the Combustion-Morgan Stanley deal as the rapid purchase of stocks in the portfolio. The block trade process removed the need for money managers to worry about market timing when buying the stocks.

Still, he questioned whether Morgan Stanley had gotten "the best execution" on all the stock purchases. According to Mr. Hosking, Morgan Stanley's own post-mortem report showed that although "the great majority of the trades appear to have been well-handled," some of the "less marketable securities rose up to 10% above their day's lows on the day of Combustion's buying." He cited Kaneshita Construction, a Japanese stock, as one example.

Mr. Stimpson acknowledged Kaneshita's price increased 10% that day, but he said Morgan Stanley purchased Kaneshita for Combustion at its middle trading range for the day, which he considers to be a good trade.

T. Britton Harris arranged a single-day purchase of $20 million in international stocks.

Richard Lewis, investment manager at WorldInvest, felt "sure Morgan Stanley did a decent job on trading." But he raised the broader issue of managers' relationships with brokers.

In the Combustion-Morgan Stanley deal, there was no "soft-

Continued on page 18

A very active quarter

Poor Japanese market helps some managers

By Curtis Vosti

Active managers, taking advantage of the down Japanese market and a strong dollar, outperformed international indexes for the second quarter in a row, Pensions & Investments' Performance Evaluation Report shows.

The common international benchmarks — the Morgan Stanley Capital International Europe Australia Far East Index and the FT-Actuaries Europe & Pacific Index — both posted negative returns for the quarter. The returns were greatly affected by the Japanese market (which makes up almost two-thirds of both the EAFE and Euro-Pac), which lost 1% for the quarter and 11.2% for the first two quarters.

EAFE returned −6.12% for the second quarter while the FT-A Euro-Pac returned −6.29%.

The performance of both indexes placed them in the 10th decile of PIPER funds during the second quarter, meaning more than 90% of the PIPER international funds outperformed them. That is a far cry from the 1988 performance, when the indexes bettered the returns of all international funds.

(For the one-year period ended June 30, the FT-A Euro-Pac returned 8.62% and the EAFE returned 9.78%, placing them in the seventh and fifth deciles respectively.

(For the three-year period ended June 30, the EAFE returned 22.04% and the FT-A Euro-Pac returned 22.25%; for five years, both indexes returned 33.36%; and for the 10-year period, the EAFE returned 21.31% while the FT-A was not yet born.)

Even though poor indexed performances this year opened the door for active managers, they still must make the right calls.

For the 12-month period ended June 30, the $80 million International EB Equity Fund of WorldInvest Ltd., which has about a 5% exposure to Japan, was the second best performer, with a return of 17.8%. In the three-year period, WorldInvest landed in the fourth decile, with a 17.44% performance. (All returns for periods of more than one year are annualized.)

WorldInvest topped the performers for the five-year period with 33.78%. However, for the

Continued on page 18

Commingled international funds

3-month returns

	%
Trust Co. of the West (Global)	12.8
First Chicago ($ fixed), Ill.	7.3
Confederation Life (Stock), Ga.	5.0
PCM Int'l (Global bond), N.J.	3.5
CIGNA Corp. (Eq.), Conn.	3.4
Lincoln Nat'l (SA 22), Ind.	3.4
Wellington Trust (Emerg. eq.)	3.2
Assoc. Bank-Neenah (World), Wis.	2.4
Bessemer Trust (E), N.Y.	2.3
The Principal (Eq.), Iowa	2.3
Putnam Cos., Mass.	2.1
IAA Trust (CTF-I), Ill.	1.0
Provident Capital (Low p/e), Pa.	1.0
First Chicago (Eq.)	1.0
Travelers Cos. (Eq.), Conn.	0.4
PCM Int'l (Global yield), N.J.	0.2
PCM Int'l (Print eq.), N.J.	−0.2
Worldinvest (Eq.), N.Y.	−0.3
Wilmington Trust (Eq.), Del.	−0.4
Harris Trust (Eq.), Ill.	−0.7
Boatmen's Trust (Coll. W), Mo.	−0.9
NCNB Texas (Stock), Texas	−0.9
Morgan Guaranty (Bond), N.Y.	−1.0
MSCI World Index	−1.3
FTA World Index	−1.3
First Chicago (Non-$ fixed)	−1.4
Aetna Capital (Eq.), Conn.	−1.8
Wellington Trust (Eq.), Mass.	−1.8
Morgan Guaranty (Eq.), N.Y.	−1.9
Citicorp Invst. (Fixed), N.Y.	−2.1
Worldinvest (Fixed), N.Y.	−2.7
Union Bank (Invt. eq.), Calif.	−3.0
Chase-CMB (Eq.), N.Y.	−3.9
IDS Trust (Coll. eq.), Minn.	−4.1
PCM Int'l (Bond), N.J.	−4.4
Chase-CMB (Fixed), N.Y.	−4.6
Fidelity Mgmt. (Overseas eq.)	−4.8
Citicorp Invst. (Eq.), N.Y.	−5.0
Prudential (Foreign eq.), N.J.	−5.8
State Street Bank (Index), Mass.	−5.8
MSCI EAFE Index	−6.1
American Nat'l Chicago (Eq.)	−6.1
Travelers Cos. (Index), Conn.	−6.2
Wells Fargo (Eq.), Calif.	−6.3
FTA Europe & Pacific Index	−6.3
Wellington Trust (Pacific basin)	−6.6

1-year returns

	%
Trust Co. of the West (Global)	20.8
Assoc. Bank-Neenah (World)	17.6
Bessemer Trust (E), N.Y.	16.6
Confederation Life (Stock), Ga.	16.4
The Principal (Stock), Iowa	15.0
Wilmington Trust (Eq.), Del.	14.6
First Chicago (Eq.)	14.6
Putnam Cos., Mass.	14.6
Wellington Trust (Emerg. eq.)	14.1
Provident Capital (Low p/e), Pa.	13.3
MSCI World Index	13.2
CIGNA Corp. (Eq.), Conn.	12.6
FTA World Index	12.5
Travelers Cos. (Eq.), Conn.	11.7
First Chicago ($ fixed)	11.6
PCM Int'l (Global bond), N.J.	10.7
Boatmen's Trust (Coll. W), Mo.	9.9
NCNB Texas (Stock)	9.9
MSCI EAFE Index	9.8
Aetna Capital (Eq.), Conn.	9.7
Morgan Guaranty (Eq.), N.Y.	9.6
PCM Int'l (Print eq.), N.J.	9.5
Harris Trust (Eq.), Ill.	9.4
Prudential (Foreign eq.), N.J.	9.3
Wellington Trust (Stock), Mass.	9.2
State Street Bank (Index), Mass.	9.1
American Nat'l Chicago (Eq.), Ill.	9.0
FTA Europe & Pacific Index	8.6

Continued on page 18

UPDATE

Firm cool on bonds

CHICAGO — Preliminary research by Ennis, Knupp & Associates, Chicago, indicates the firm is not impressed with the use of foreign bonds.

"Nothwithstanding the surface appeal of including foreign bonds in a multiasset portfolio, our preliminary analysis of the risk and return characteristics of foreign bonds gives us pause," a research report said.

Among the reasons are the currency risk associated with unhedged foreign bond portfolios ("our own analysis . . . offers no support for the existence of currency risk premiums") and execution and management costs associated with hedging that Ennis, Knupp estimates is 30 to 50 basis points a year.

"Based on studies we have seen and the data we have worked with . . . the average returns of domestic bonds and a diversified portfolio of foreign bonds appear similar," the report said.

The report noted some factors that could lead to a different evaluation as time goes on. There were only 10 years of data on which the firm could evaluate the behavior of the foreign bond asset class, and the analysis also relied on a comparatively short period in which foreign exchange rates were highly volatile.

"If, in time, the future of that volatility decreases substantially or ceases to exacerbate the volatility inherent in foreign bonds, or if hedging becomes less costly, foreign bonds may offer a more compelling diversification," the report said.

Expansion continues

Meridian Global Funds Management Ltd., a unit of National Mutual Life Association of Australasia, Melbourne, has opened offices in New York and Tokyo as part of its global expansion, said Bruce Loveday, president of the Meridian Global Funds Manage-

ment U.S. Inc.

With these additions, Meridian, with close to $4 billion under management, mostly from institutional investors, now has offices in five cities. The other offices are in London, Hong Kong and Melbourne.

In the United States, Meridian "is looking into a number of ways to get resources, and we're considering whether acquisition of another money management firm would be a sensible way to do that," said Mr. Loveday, who recently relocated to the New York office from Melbourne. He has been with the firm since 1988. He would not disclose which firms might be under consideration.

Australian acquisition

PERTH, Australia — William M. Mercer Campbell Cook & Knight Proprietary Ltd., the Australian operating company of New York-based William M. Mercer Inc., has acquired the firm of Campbell Cook & King, an actuarial and benefits consulting firm in Perth.

Terms of the deal were not disclosed.

All 20 employees of Campbell Cook & King have joined Mercer's Perth office, according to Mercer spokeswoman Virginia Decker. Peter K. Williamson and Joseph Wong, former partners at Campbell Cook & King, have become principals at the new office. Mr. Williamson will head up the office, which will take on the name of Mercer Campbell Cook & Knight.

Prior to the acquisition, Mercer had offices in Adelaide, Brisbane, Melbourne and Sydney. The acquisition provides Mercer, an employee benefits and compensation consulting firm, with its first office in Perth.

William M. Mercer Inc. is a wholly owned subsidiary of Marsh & McLennan Cos. Inc., New York. In the United States, the firm operates as William M. Mercer Meidinger Hansen Inc.

Buys on its own

Continued from page 17

dollar" arrangement between the fund and the broker. But as Mr. Lewis saw it, the arrangement did mean "there's no information or continuing information flow (from Morgan Stanley) to me or via me to the client" now that his firm is among those who are "managing the stocks."

The fact that Combustion's stocks were initially selected — but not bought by the money managers — means that that Combustion's stocks were "bought with information other clients had paid for," Mr. Lewis said.

(To Combustion's Mr. Harris, the broker-relationship issue "is a small one. Subsequent to the initial transactions, the money managers are free to use Morgan Stanley or any other broker, and all these money managers have enough turnover to more than compensate any broker for investment advice they're getting.")

In broader terms, Mr. Lewis raised the possibility of future problems for money managers if they can't reward brokers on a soft-dollar basis. "It's not a problem now," he said, noting today many "brokers are screaming for business" and "we can bargain down hard on fees with them."

"But there may come a time when fund managers will have to compete for (investment) ideas," Mr. Lewis said. "A situation could arise whereby managers would have to put through a certain volume of business with a broker to get his best ideas. People should consider this an intangible cost." After all, "if the qualify of stock information deteriorates," it could ultimately hurt pension fund performances, he added.

Mr. Lewis and some other money managers and pension fund consultants also voiced a belief that more pension funds will want to find ways to cut operational costs and, if possible, recoup more soft dollar benefits for themselves.

"Tax-exempt funds in the U.S. appear to be beginning to think about involvement in the allocation of commissions internationally the way they increasingly have over the last 15 years in the U.S. market," said Karl Van Horn, chairman of Posthorn Global Asset Management Ltd., London. The Combustion-Morgan Stanley deal is "an extreme example of this, but it's a preview of coming attractions." ■

Active

Continued from page 17

second quarter, the London-based firm returned a −0.28%.

"Cyclicals moved out of favor," explained Chris Carter, WorldInvest director and head of equities. The fund is about 50% invested in cyclical stocks.

Mr. Carter said that the fund follows a top-down, macroeconomic approach, which looks at underpriced opportunities in countries and sectors. Right now, he said, most equity markets are fairly valued toward each other, so the fund is concentrating on cyclicals, like **Atlas Copco, Thyssen, Hoescht, Akzo** and **Bayer AG.**

Though cyclicals had a rough go of it during the second quarter, Mr. Carter said he will stick with the approach because he thinks the stocks are being overdiscounted over fears of a "global soft landing." He said this ignores that the cyclicals have largely restructured and would avoid the worst of a soft landing if it happens, which he doesn't think will.

Despite the poor recent showing by the benchmarks, index funds still have maintained value for the long-term investor.

American National Bank's approximately $400 million international index fund, which mimics EAFE but tries to lessen transaction costs, was the top performer for the three-year period, with 23.32%. It finished second to WorldInvest for the five-year period.

"The goal of indexing is to provide for diversification," said Steve Manus, director for ANB Investment Management Co., Chicago, the bank's wholly owned investment management subsidiary.

"In the long run, active managers have to overcome trading costs to outperform the indexes," he said.

The top-performing international fund for the quarter was the $106 million Global Fund of Trust Co. of the West, which returned 12.84%. The firm declined to discuss the reasons for the fund's success. It also was the best performer for the 12-month period at 20.83%.

The second leading performer was the dollar-fixed fund of First Chicago Investment Advisors, which returned 7.32%. Managing Director Richard Carr said the fund's strong performance is due to the dollar's strong showing in the second quarter. ■

Continued from page 17

Citicorp Invst. (Eq.), N.Y.	8.5
Travelers Cos. (Index), Conn.	8.2
Fidelity Mgmt. (Overseas eq.)	7.9
Wells Fargo (Eq.), Calif.	7.3
Chase-CMB (Eq.), N.Y.	7.2
IAA Trust (CTF-I), Ill.	6.8
PCM Int'l (Global yield), N.J.	6.7
Union Bank (Invt. eq), Calif.	5.9
Lincoln Nat'l (SA 22), Ind.	5.6
IDS Trust (Coll. eq.), Minn.	5.1
Wellington Trust (Pacific basin)	4.5
Morgan Guaranty (Bond), N.Y.	3.5
First Chicago (Non-$ fixed)	2.4
WorldInvest (Fixed), N.Y.	1.7
Citicorp Invst. (Fixed), N.Y.	1.0
PCM Int'l. (Foreign bond), N.J.	−0.7
Chase-CMB (Fixed), N.Y.	−1.2

5-year returns

	%
WorldInvest (Eq.), N.Y.	33.8
FTA Europe & Pacific Index	33.7
MSCI EAFE index	33.7
American Nat'l Chicago (Eq.)	33.5
Wells Fargo (Eq.), Calif.	32.6
Wellington Trust (Pacific basin)	30.7
First Chicago (Eq.)	30.5
Bessemer Trust (E), N.Y.	30.4
CIGNA Corp. (Eq.), Conn.	29.6
Chase-CMB (Eq.), N.Y.	28.8
Citicorp Invst. (Eq.), N.Y.	27.6
Aetna Capital (Eq.), Conn.	27.4
Putnam Cos., Mass.	26.8
PCM Int'l (Global bond), N.J.	26.5
MSCI World Index	26.4
Wellington Trust (Stock), Mass.	26.4
Boatmen's Trust (Coll. W), Mo.	26.1
FTA World Index	26.0
NCNB Texas (Stock)	25.5
IDS Trust (Coll. eq.), Minn.	24.8
Morgan Guaranty (Eq.), N.Y.	24.4
Travelers Cos. (Eq.), Conn.	23.7
First Chicago (Non-$ fixed)	20.3
WorldInvest (Fixed), N.Y.	19.8
PCM Int'l (Bond), N.J.	19.6
Morgan Guaranty (Bond), N.Y.	18.8
Citicorp Invst. (Fixed), N.Y.	16.3
First Chicago ($ fixed)	14.7

10-year returns

	%
MSCI EAFE Index	21.3
Putnam Cos., Mass.	19.9
First Chicago (Eq.)	19.9
MSCI World Index	18.8
Citicorp Invst. (Eq.)	18.4
Morgan Guaranty (Eq.), N.Y.	17.5
Morgan Guaranty (Bond), N.Y.	12.1

The T. Rowe Price Managed GIC Fund

When you're investing in a specialized field, come to the specialists

9.09% Compound Yield*

If you're looking for higher yields in today's complex Guaranteed Investment Contract arena, you need a GIC specialist. With our Managed GIC Fund, you'll enjoy a very competitive rate of return and principal stability. You'll also have the benefit of the team that pioneered discretionary GIC investing—a management team that focuses *exclusively* on GICs.

HOW WE MANAGE TO GIVE YOU A BETTER GIC FUND

Enhanced returns. To ensure competitive market-responsive GIC yields, we follow a broad universe of issuers; utilize a variety of contract types; actively negotiate contract rates and terms; and follow proven fixed income management techniques. In addition, our low cost helps keep yields higher.

Broad diversification. For credit and reinvestment risk protection, the Fund is broadly diversified by issuer and by varying contract maturity dates.

Intensive issuer analysis. To guard against credit surprises, the Fund invests only with high quality insurance companies and banks. Our proprietary credit analysis process—a system we consider unrivaled in the industry—focuses on the state of the industry, the creditworthiness of each individual carrier and the contracts issued.

OVER $1.5 BILLION IN GIC ASSETS

T. Rowe Price is committed to high quality investment management services, our only business since 1937. We currently manage over $1.5 billion in GIC assets, making us one of the nation's largest and most experienced GIC managers.

For more information mail the coupon or call toll free: **1-800-422-2577**

T. Rowe Price, 100 E. Pratt St., Baltimore, MD 21202

Please send information about the T. Rowe Price Trust Company Managed GIC Fund, including an offering circular and description of your management fees. I will read them carefully before I invest or send money.

Name/Title

Company

Address

City/State/Zip

Phone

SPECIAL INTRODUCTORY OFFER

To introduce new investors to the Fund, we are reducing your trustee fee by .25 basis points for the remainder of 1989 to provide an even higher yield, as shown above.

Invest With Confidence

T.RowePrice

Yield will vary, and will be higher for accounts larger than $1 million. *7-day compound yield as of 7/27/89. Past performance is no guarantee of future results. The Managed GIC Fund is a group trust under the Internal Revenue Code, a common trust fund under Maryland banking law and is sponsored by the T. Rowe Price Trust Company. The Managed GIC Fund is not a regulated investment company (mutual fund) and is exempt from registration under the United States Securities Act of 1933. The Managed GIC Fund is only available to "qualified" retirement plans, their participants, and certain retirement plans maintained by a state or local government body or instrumentality.

PIPER

Growth paces way

Chase fund is best performer in 2nd quarter

By Margaret Price

Astute growth stock investing rewarded some of the top-performing special equity funds in Pensions & Investments' Performance Evaluation Report for the second quarter.

The No. 1 finisher, the $222 million Intermediate Capitalization Equity Fund of Chase Investors Management Corp., New York, returned 15.74%. It benefited from sizable investments in high-growth sectors seen as able to weather an economic trough in such industries as cellular telephone and pollution control and in selected retail stocks.

Some of the worst-performing funds heavily invested in small-capitalization stocks that generally lagged in the second quarter. That — coupled with a pricing error involving warrants on one unnamed stock holding — sunk the Growth Fund of Liberty National Bank and Trust Co., Louisville, Ky., into last place with a 0.48% return, said Robert C. Gray, senior vice president. (However, in July, that $1.2 million fund "snapped back" with a 6.1% gain, said Mr. Gray.)

For the second quarter, the median PIPER fund returned 7.76%; the Standard & Poor's 500 Stock Index, 8.7%; and the Russell 2000, 6.4%. The PIPER special equity universe is composed of 107 commingled bank and insurance company funds.

For the one-year period, the approximately $72 million MONY-Management of Managers Special Equity Fund of MONY Financial Services, Purchase, N.Y., won first-place laurels with a 41.73% return. The approximately $13 million Select Equity Fund of NCNB Texas, Dallas, bested all competitors for the three- and five-year periods with a compound annual 43.81% and 37.67%, respectively.

The PIPER median equity fund returned 18.13% for the year, 8.76% for three years and 16.13% for five years. For the same periods, the S&P returned 20.36%, 11.95% and 20.08%, respectively, while the Russell 2000 returned 12.73%, 4.85% and 13.12%, respectively. Returns for periods longer than a year are annualized.

Michael L. Schonberg, managing director, Chase Investors, said the Intermediate Capitalization Equity Fund had been constructed around a view of a coming economic downturn. By late last year, the fund eliminated most industrial issues with cyclical exposure and replaced them with "visible" high-growth stocks, he said.

That strategy clearly paid off. For instance, the fund's single largest holding — **Edison Brothers Stores Inc.** — jumped 47% in the second quarter amid an upgrading of earnings estimates by Wall Street. And in cellular telephone, Chase saw **LIN Broadcasting Corp.** jump 31% on expectations of a takeover by McCaw Cellular, that was announced in June.

Mr. Schonberg said the entire cellular telephone communications industry is benefiting from "rising asset values propelled by better-than-expected business trends and takeover expectations." At the beginning of March, the Chase Investors fund had a 32% weighting in cellular telephone stocks. It also had a 19% weighting in industrial growth stocks such as **Calgon Carbon Corp.**, a 17% exposure to retail stocks and a 9% weighting in finance. As Mr. Schonberg pointed out, "These areas all did well" in the second quarter.

The third-place fund for the quarter — the $80 million Growth Stock Account of the Phoenix Mutual, Hartford, Conn., which returned 12.25% — focused on two key themes: environmental control (comprising about 21% of the fund), and drug and hospital supply (about 12% of the fund), said Cathy Dudley, portfolio manager.

These were perceived as stocks of companies with "consistently strong profits that would show up well even amid a soft economic landing, Ms. Dudley said. Expectations of a downturn prompted the fund to average at least 15% in cash during the first half of the year, a level that has since been reduced, she said.

Stock picks in the waste management area included such names as **Browning-Ferris Industries Inc.** and **Waste Man-**

Continued on page 22

Special equity funds
(periods ended June 30)

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	15.74%	41.73%	43.81%	37.67%	23.79%
First quartile	9.26	21.97	12.88	18.39	19.65
Median	7.76	18.13	8.76	16.13	17.2
Third quartile	6.31	12.4	6.13	12.07	15.64
Lowest return	0.48	-8.97	-8.53	1.97	11.92
S&P 500	8.71	20.36	11.95	20.08	17.02
Russell 2000	6.37	12.73	4.85	13.12	15.93

In Master Trust Services...
The difference between state of art and work of art:
the hands of a master.
At First Pennsylvania Bank, advanced technology is only part of the picture. Our clients receive personalized service from a staff of professionals well practiced in the art of master trust/custody administration ...over $50 billion in assets and growing.
This experience and individual attention to your account allow us to design an administrative plan for you that's flexible and responsive, from a palette of services that includes portfolio reporting, analysis and comparison, securities lending, direct dial-up access, and more. And each plan is as distinctively different from any other as a work of art is from a computer portrait.
For more information, or a look at some typical examples in our gallery of master works, call Allen R. Bradley, Vice President, Trust and Investment Services Group, at (215) 786-7327.
First Pennsylvania Bank N.A.
Philadelphia, PA 19101
We hear you.
© Copyright 1989, First Pennsylvania Bank N.A. Member FDIC
FTB-18A

PIPER

Growth

Continued from page 21

agement Inc. and in waste management technology, **Thermo Electron Corp.** and **Wheelabrator Technologies**.

The fund's two largest holdings in the drug area were **Merck & Co. Inc.** and **Abbott Laboratories.**

Although tops for the year ended June 30, the MONY-Management of Managers Special Equity Fund ranked fourth for the second quarter, with 12.2%.

This small- to medium-cap fund, which is managed by three outside money managers selected by Evaluation Associates Inc., a unit of MONY, focuses on three main stock-selection criteria: companies with explosive earnings growth; those with high cash flow per share; and those where "the sum of the company's parts is greater than its whole," said Keith Stransky, vice president and director of funds' research at Evaluation Associates, Inc., Norwalk, Conn.

The fund's bottom-up stock-picking style led to such winners as **The Washington Post Co.**, which rose 34% over the past year; **Sea Containers Ltd.**, up a whopping 194% in the year ended June 30; and **Contel Cellular Inc.**, up 135% in the last 12 months.

Although NCNB Texas' Special Equity Fund has scored well over the three- and five-year periods, it ranked only 25th in the second quarter with 8.89%. The $20 million Supplemental Equity Fund of Union Bank, San Diego — although in first place for 10 years with 23.79% — was third from the bottom for the quarter at 0.78%.

Speaking about the second quarter, David L. Gardner, NCNB's senior vice president and director of research, said the Select Equity Fund's "generally, high p/e, blue-chip stocks" were in favor during the second quarter. Our focus is more on value-oriented names."

In the second quarter, the NCNB fund "bet heavily" on such leisure time stocks as **Caesars World Inc.** and on **King World Productions**. ■

Top quartile commingled special equity funds

3-month returns

	%
Chase-CMB (Inter. cap.), N.Y.	15.7
Equitable Capital (Growth), N.Y.	13.6
The Phoenix (Growth S), Conn.	12.3
Mutual of New York	12.2
SeaFirst Bank (Northwest), Wash.	12.0
Bankers Trust (Sup.), N.Y.	11.7
Princeton Bank, N.J.	11.5
Putnam Cos. (Growth), Mass.	11.1
Trust Co. of the West, Calif.	10.9
Fidelity Mgmt. (Agg.), Mass.	10.9
Hibernia Nat'l (G), La.	10.4
Norwest Bank (Invt.), Minn.	10.3
Pacific Mutual, Calif.	10.0
First Chicago (Post-venture cap.)	10.0
MTrust (Growth), Texas	9.9
Chase-CMB (Value), N.Y.	9.6
First Wis. Asset (Emerg. growth)	9.6
Texas Commerce	9.5
Comerica, Mich.	9.4
Deposit Guaranty (Opp.), Miss.	9.4
Standard & Poor's	**8.7**
Russell 2000	**6.4**

1-year returns

	%
Mutual of New York	41.7
Wellington Trust (Spec. sit.)	41.4
Chase-CMB (Inter. cap.), N.Y.	37.9
Texas Commerce	28.5
Fidelity Mgmt. (Agg.), Mass.	28.4
Connecticut Bank (Emp. sup.)	27.7
NCNB Texas (Select)	27.5
First City Nat'l (G-1), Texas	26.4
First Chicago (Post-venture cap.)	25.7
Second Nat'l Bank (Growth), Ohio	25.4
Mid-State Bank (Beta), Pa.	24.5
Wellington Trust (Non-tech)	24.0
Fidelity Mgmt. (Small co. growth)	23.5
The Phoenix (Growth S), Conn.	23.5
MTrust, (Growth), Texas	22.7
Banc One Asset Mgmt., Ohio	22.6
Nat'l Bank of Detroit (Intrinsic F)	22.6
Wells Fargo (Tilts & timing), Calif.	22.3
Putnam Cos. (Growth), Mass.	22.2
SeaFirst Bank (Northwest), Wash.	22.1
Standard & Poor's	**20.4**
Russell 2000	**12.7**

3-year returns

	%
NCNB Texas (Select)	43.8
Wellington Trust (Spec. sit.)	23.7
First City Nat'l (G-1), Texas	21.4
Equitable Capital (Tangible asset)	20.0
Mutual of New York	17.2
SLH Trust (New values 3), Del.	16.7
Connecticut Nat'l Bank (Sup.)	15.9
Nat'l Bank of Detroit (Intrinsic F)	15.8
First Asset Mgmt. (20), Minn.	15.1
The Phoenix (Growth S), Conn.	14.9
First Asset Mgmt., Minn.	14.6
First Chicago (Inst.)	14.5
Massachusetts Mutual (SIA S)	14.1
SLH Trust (Growth 2), Del.	13.8
Connecticut Bank (Sup.)	13.4
Fidelity Mgmt. (Agg.), Mass.	13.3
SLH Trust (Small cap. 5), Del.	12.9
Putnam Cos. (Growth), Mass.	12.9
Wells Fargo (Tilts & timing), Calif.	12.9
Standard & Poor's	**12.0**
Russell 2000	**4.9**

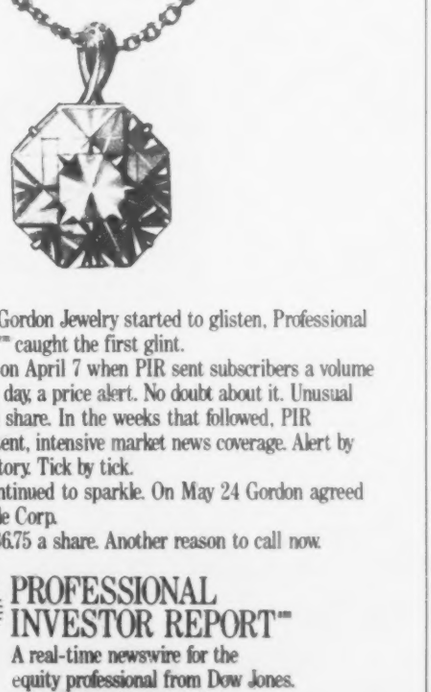
5-year returns

	%
NCNB Texas (Select)	37.7
SLH Trust (Growth 2), Del.	32.1
SLH Trust (New values 3), Del.	29.6
Fidelity Mgmt. (Agg.), Mass.	25.9
Chase-CMB (Inter. cap.), N.Y.	22.7
First Asset Mgmt., Minn.	22.4
First Asset Mgmt. (20), Minn.	22.4
Connecticut Nat'l Bank (Sup.)	22.2
Equitable Capital (Tangible asset)	20.9
Chancellor Capital (Value), N.Y.	20.9
Trust Co. of the West, Calif.	20.3
SLH Trust (Small cap. 5), Del.	20.2
Standard & Poor's	**20.1**
Mellon Equity Assoc., Pa.	19.4
Norwest Bank (Invt.), Minn.	18.4
Wellington Trust (Non-tech)	18.4
Russell 2000	**13.1**

10-year returns

	%
Union Bank (Sup.), Calif.	23.6
Chase-CMB (Inter. cap.), N.Y.	21.6
Norwest Bank (Invt.), Minn.	21.5
MTrust (Growth), Texas	21.5
Chancellor Capital (Value), N.Y.	20.1
Connecticut Bank (Sup.)	20.0
Provident Capital, Pa.	19.7
Standard & Poor's	**17.0**
Russell 2000	**15.9**

WHEN GORDON JEWELRY BEGAN TO SPARKLE, WE REPORTED IT FIRST.



The moment Gordon Jewelry started to glisten, Professional Investor Report℠ caught the first glint.

It all started on April 7 when PIR sent subscribers a volume alert. Later that day, a price alert. No doubt about it. Unusual trading at $18 a share. In the weeks that followed, PIR delivered consistent, intensive market news coverage. Alert by alert. Story by story. Tick by tick.

The stock continued to sparkle. On May 24 Gordon agreed to sell out to Zale Corp.

The price: $36.75 a share. Another reason to call now.

PROFESSIONAL INVESTOR REPORT℠
A real-time newswire for the equity professional from Dow Jones.
1-800-223-2274. Ext. 146

SP003 Professional Investor Report is a service mark of Dow Jones & Company, Inc. © 1989 Dow Jones & Company, Inc.

Looking for money manager research? Go to the source.

Evaluation Associates, Inc., a leading consultant to plan sponsors, has published original research on money managers managing domestic equity, fixed income, and balanced accounts, international equities and real estate since 1976 in four separate PROFILES publications.

EAI ranks managers quarter by quarter, quartile by quartile, with descriptions of organization, product line, style, investment process, research methodology, and fee structure. This information is obtained through intensive interviews with senior investment officers.

So, if you are interested in money manager information, both quantitative and qualitative, look into EAI PROFILES and take advantage of the best investment manager information anywhere.

PIA 9/4/89
Please send me more information on the following EAI Profiles:
☐ Investment Manager Profiles ☐ Real Estate Profiles
☐ Smaller Equity Manager Profiles ☐ International Manager Profiles
Name_____ Title_____
Company_____
Dept._____ Phone_____
Address_____
City_____ State_____ Zip_____

EAI
Send to:
Robert Mayerick, Evaluation Associates, Inc.
200 Connecticut Avenue, Norwalk, CT 06854

MASTER TRUST/CUSTODY

Assets hit $1.8 trillion

Blossoming public funds lead the way

By Trudy Ring

Public funds and defined contribution plans paced business growth for master trust/master custodial banks in the year ended June 30.

Master trust and master custody assets of banks with at least $2 billion in this area increased 17.8% in the period, to $1.798 trillion from $1.526 trillion, according to a survey by *Pensions & Investment Age*. There were 32 banks in this size category in the survey this year, up from 30 in 1988.

Assets of the entire universe, including five banks with less than $2 billion, stood at $1.801 trillion as of June 30.

Master custodial assets continued to grow at a greater rate than master trust assets. A master custodian provides the same services as a master trustee, but the fund sponsor retains legal trusteeship. Master custodian arrangements usually are for public pension funds, foundations, endowments and some corporate defined contribution plans, while master trust arrangements are largely for corporate defined benefit plans.

Master custodial assets among the 32 banks with $2 billion or more in total assets grew 23.4%, to $855 billion from $693 billion. Master trust assets of these banks grew 13.2%, to $942 billion from $832 billion.

For the whole universe, master custodial assets were $856.5 billion and master trust assets, $944.7 billion.

The growth in master custodial assets is largely attributable to public funds and defined contribution plans.

Some public funds are just now hiring master custodians or are moving to one of the top custodian banks from a smaller, regional one, said Jay Carty, director of marketing in Boston Safe Deposit and Trust Co.'s institutional markets group.

Public funds are seeking a wider array of services — doing what corporate funds did several years ago, said Mike Costa, division executive-fiduciary and information services at Citibank, New York.

But the growth of public pension assets may be starting to slow, as improved funding practices in the past few years have pushed these plans toward maturity, said Allan Martin, senior vice president-global fiduciary services at Bankers Trust Co., New York.

On the corporate side, new retirement plans being formed tend to be defined contribution plans, and these often have a master custodian instead of a master trustee, said Mike Wright, a consultant with Wyatt Asset Services, Boston.

"That's a market where we see continued good and healthy growth," Mr. Martin said of defined contribution plans. Eventually, defined contribution assets likely will exceed defined benefit assets, he said.

Mr. Wright noted, however, that mutual fund companies, which are managers for many defined contribution plans, are getting into the custodial business and might take some of this business away from the banks.

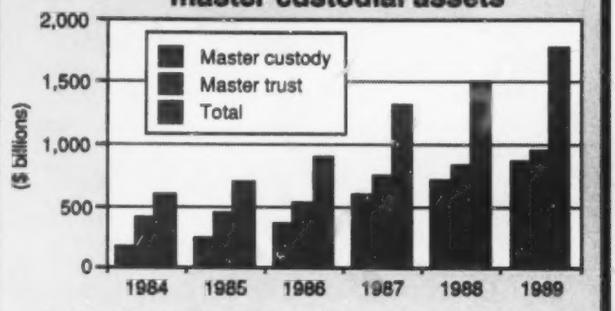
Mr. Martin added foundations and endowments are moving toward major trust banks and away from regional ones, adding a source of business to the leaders.

The growth is much slower in master trust, though.

"For the most part, corporations have already established master trusts and already selected

Continued on page 45

Growth in master trust, master custodial assets



For banks with more than $2 billion in master trust/master custody assets only
Source: Pensions & Investment Age

Tables and listings

Canadian master trust	30
Total global custody assets	38
Custodial profiles	38

Global custody business booms

By Trudy Ring

U.S. tax-exempt institutional assets under global custody rose 42.1% to $103.884 billion in the year ended June 30, as investors continue to expand their overseas holdings.

Total global custody assets, including U.S. taxable and tax-exempt and foreign assets, stood at $351.189 billion June 30. No comparable figure from a year ago was available.

The statistics were derived from a *Pensions & Investment Age* survey of 29 banks that serve as global custodians.

"There's just no question that (global custody) is a growth market," said Allan Martin, senior vice president-global fiduciary services at Bankers Trust Co., New York. Many corporate and public defined benefit plans have diversified into international investments, and savings plans could begin to add international components, too, he said.

"Some of our early clients who were in international investments are upping their asset allocations," said Jay Carty, director of marketing for Boston Safe Deposit and Trust Co.'s institutional markets group.

"The growth of global assets is faster than any other category," said Scott Morgan, senior vice president at Northern Trust Co., Chicago.

Many big pension funds that got into international investing about five years ago are adding to allocations, while middle-market funds are just getting into this area, said Susan Schoon, senior vice president of Chase Manhattan Bank, New York.

Most global custodians surveyed by *P&I Age* indicated U.S.

Continued on page 45

U.S. master trust/master custody banks
(U.S. $ millions)

Firm	Total	Master trust	Master custody
State Street Bank	238,492	114,527	123,965
Bankers Trust	164,400	127,100	37,300
Northern Trust	160,000	106,000	54,000
Chase Manhattan Bank	159,200	65,100	94,100
Bank of New York	146,300	87,465	58,835
Boston Safe Deposit	141,439	48,526	92,913
Mellon Bank	138,225	106,396	31,829
Citibank	104,569	26,247	78,322
Manufacturers Hanover	68,300	27,300	41,000
C&S Trust	65,700	32,900	32,800
Security Pacific	59,000	5,000	54,000
Harris Trust and Savings	48,000	45,700	2,300
First Pennsylvania Bank	38,977	4,140	34,837
NCNB Texas	36,100	23,900	12,200
First Wachovia	36,003	29,572	6,431
Nat'l Bank-Detroit	30,165	12,273	17,892
Chemical Bank	21,053	11,612	9,441
U.S. Trust	19,700	14,700	5,000
Continental Bank	18,177	13,367	4,810
Ameritrust	17,753	4,399	13,354
Wilmington Trust	14,201	13,790	411
Boatmen's Trust	14,137	2,392	11,745
Bank of America	11,485	2,112	9,373
First Interstate-California	11,239	3,871	7,368
LaSalle Nat'l Bank	8,261	771	7,490
First Trust	4,461	2,917	1,544
Security Trust	4,336	679	3,657
First Wisconsin Trust	4,035	2,212	1,823
Norwest Bank Minnesota	3,800	2,700	1,100
Marshall & Ilsley Trust	3,600	1,700	1,900
Trust Co. Bank	3,435	1,312	2,123
Marine Midland Bank	3,100	1,800	1,300
Connecticut Nat'l Bank	1,732	900	832
BancOklahoma Trust	704	373	331
Bank IV	606	574	32
Bank One Indianapolis	427	253	174
First Interstate-Washington	120	120	0
Total	1,801,232	944,769	856,532

Global custodians*
(U.S. $ millions)

Firm	U.S. tax-exempt assets: Total	Held by subcustodians	Held as a subcustodian	U.S. taxable assets
State Street Bank	24,009	22,756	4,672	8,400
Chase Manhattan	20,700	8,800	4,400	16,300
Northern Trust	9,600	9,600	0	361
Mitsubishi	7,500	3,000	0	65
Morgan Guaranty	5,600	1,008	2,000	34,400
Bankers Trust	5,556	4,097	75	132
Boston Safe Deposit	5,513	5,143	370	5,587
Citibank	5,000	600	300	2,000
Harris Trust	3,940	3,940	0	60
Bank of New York	3,500	3,500	0	20,400
Morgan Stanley Trust	3,000	3,000	0	4,400
Mellon Bank	1,824	1,816	9	76
Security Pacific	1,500	1,000	0	4,500
Bank of America	1,256	1,160	0	448
Wilmington Trust	1,000	1,000	0	100
First Nat'l-Chicago	974	950	0	3,783
First Wachovia	723	723	0	36
First Pennsylvania Bank	550	550	0	20
NCNB Texas	500	500	0	0
Nat'l Bank-Detroit	470	470	0	0
Manufacturers Hanover	400	n/a	n/a	3,500
U.S. Trust	242	242	0	2,452
Boatmen's Trust	218	218	0	19
Continental Bank	200	200	0	1,300
First Interstate-California	90	90	0	230
First Trust	15	14	0	1,585
Trust Co. Bank	2	2	0	3,788
Norwest Bank Minnesota	0	0	0	450
Barclays Bank	0	0	0	0
Total	103,884	74,379	11,836	114,302

* ranked by total U.S. institutional, tax-exempt assets. Double-counting may be present because of subcustodial relationships.

FX Concepts, Inc.

Investment Managers of Foreign Exchange For Multi-Currency Investors

■ Active
- Selective Hedging Overlay
- Currencies as an asset class

■ Passive
- Fully Hedged EAFE Currency Basket

Contact: John R. Serhant, Managing Director

100 Maiden Lane • New York N.Y. 10038 • 212-363-7450 • FAX 212-558-6762

Master trust

Ameritrust Co.

900 Euclid Ave., Cleveland, Ohio 44101; (216) 737-4089

Domestic master trust assets	$4,399,000,000
Domestic master custody	$13,354,000,000
Domestic master trust clients	45
Domestic master custodial clients	17
Account supervisors	3

Ameritrust's domestic master trust assets rose $683 million in the year ended June 30; domestic master custodial assets rose $2.891 billion.

The primary accounting method is trade date. Full accrual and settlement date also are offered.

Services offered in the basic master trust/master custodial agreement are automated cash management, pension benefit payments, security processing, custody services, performance measurement and on-line inquiry system.

Services available for additional fees are TUCS, global custody, participant recordkeeping and investment management services.

Monthly transaction reports are available in five business days; asset and liability reports, five business days; and performance measurement reports, 10 business days. All are available on-line.

New features include enhancements to its PC downloading capabilities.

Fees are based on the market value of assets and individual services provided.

Gary W. Queen, senior vice president, is the client contact.

BancOklahoma Trust Co.

P.O. Box 2300, Tulsa, Okla. 74192; (918) 588-6448

Domestic master trust assets	$373,000,000
Domestic master custodial	$331,000,000
Domestic master trust clients	31
Domestic master custodial clients	1
Account supervisors	4

BancOklahoma Trust's primary accounting method is unitized.

Services offered in the basic master trust/master custodial agreement are ERISA disclosure assistance, benefit disbursements, cash management and participant recordkeeping.

Services available for additional fees include on-line terminal access, securities lending and performance measurement.

Monthly transaction reports, asset and liability reports and performance measurement reports are available in 10 business days. All are available on-line.

New features include INVEST 3000, available on-line, with graphics and "what-if" analytical capabilities.

Fees are calculated quarterly and are based on market value, plus transactional activity.

Jim Morris is client contact.

Bank of America Corp.

555 California St., San Francisco, Calif. 94941; (415) 622-4859

Domestic master trust assets	$2,112,000,000
Domestic master custodial	$9,373,000,000
Domestic master trust clients	32
Domestic master custodial clients	199

Bank of America's domestic master trust assets rose $1.213 billion in the year ended June 30.

The primary accounting method is cash. Accrual, unitized and proration methods also are offered.

Services offered in the basic master trust/master custodial agreement are cash sweeps, accrual accounting and unitized accounting.

Services available for additional fees are investment management and participant recordkeeping.

Monthly transaction and asset/liability reports are available in five days; performance measurement reports, in 15 days. On-site terminals are available for inquiry of account status.

New features include editing capability and computerized proration.

Fees are negotiated.

Richard V. Fulp is client contact.

Bankers Trust Co.

280 Park Ave., New York, N.Y. 10015; (212) 850-2037

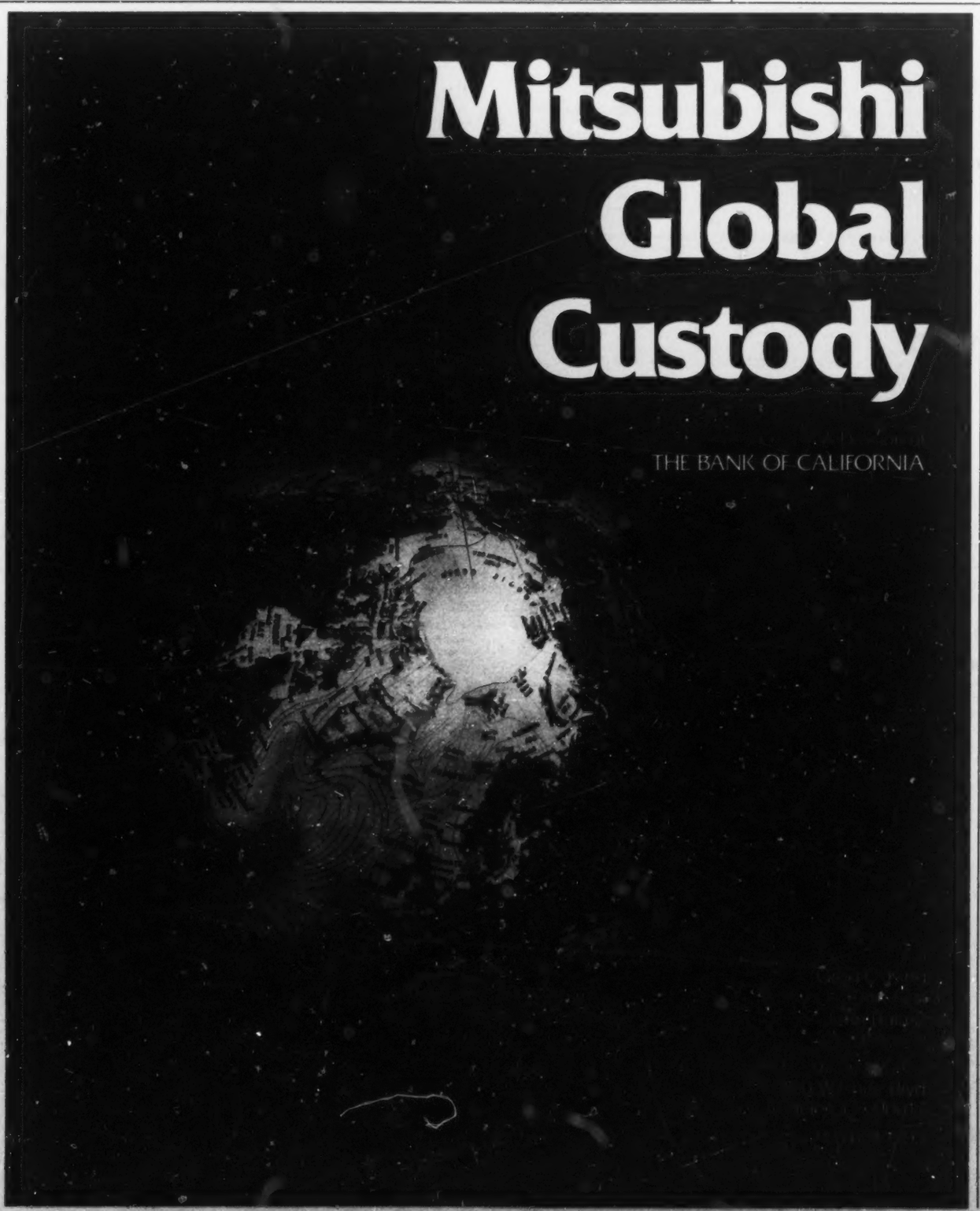
Domestic master trust assets	$127,100,000,000
Domestic master custodial	$37,300,000,000
Domestic master trust clients	262
Domestic master custodial clients	76
Account supervisors	169

Bankers Trust Co.'s domestic master trust assets rose $4.598 billion in the year ended June 30; domestic master custodial assets rose $2.187 billion.

The primary accounting method is full accrual, a system that maintains both trade and contractual settlement date positions. Tax lot and unitized accounting also are offered.

Services offered in the basic master trust/master custodial agreement are cash management, safekeeping, transaction processing, accounting, reporting, investment manager liaison and legal and regulatory update.

Services available for additional fees are domestic and international securities lending, global custody, perfor-



mance measurement and analytics, on-line access through PC-based workstations, customized graphics, benefit payments, investment management products, actively managed STIF accounts, discount brokerage, consulting services, dividend reinvestment program, trade execution monitoring and participant recordkeeping.

Monthly transaction and asset/liability reports are available in six to 10 business days; performance measurement reports, in 10 business days after the month's end. Unaudited performance measurement data is available on-line seven business days after the end of the month. Audited hard copy reports are available 15 business days after month's end. All are available on-line.

New features include fully customized local analytics and report generation; an expanded family of pooled funds; expanded products for endowments and foundations; fully automated options and futures processing, with options overwriting capabilities; and processing/advisory capabilities for funding retiree health plans.

Fees for domestic services are unbundled and negotiated.

The domestic master trust client contact is Jessica Wait, vice president; the master custodial contact is Gerard Arnone, vice president.

Bank IV

P.O. Box 4, Wichita, Kan. 67201-0004; (800) 444-4400, ext. 4555

Domestic master trust assets	$574,000,000
Domestic master custodial	$32,000,000
Domestic master trust clients	108
Domestic master custodial clients	19
Account supervisors	9

Bank IV's primary accounting method is trade date with accrual. Trade date without accrual and settlement date with or without accrual also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping, cash sweeps, individually designed statements and trusteeship.

Services available for additional fees are performance reporting and on-line terminal capability.

Monthly transaction, asset and liability and performance measurement reports are available on the 15th of the month. Monthly transaction and asset and liability reports are available on-line.

New features include on-line terminal access.

Fees are based on the number and type of securities, the number of transactions and the dollar value of assets.

Roger A. Ramseyer, trust marketing manager, is the client contact.

The Bank of New York

48 Wall St., New York, N.Y. 10015; (212) 495-1784

Domestic master trust assets	$87,465,000,000
Domestic master custodial	$58,835,000,000
Domestic master trust clients	235
Domestic master custodial clients	29
Account supervisors	45

The Bank of New York's and Irving Trust Co.'s master trust and master custodial assets now are combined because the two banks merged. Together, their domestic master trust assets rose $2.39 billion in the year ended June 30; domestic master custodial assets rose $1.2 billion.

The primary accounting method is trade and actual settlement date. Averaged cost, tax lot basis, amortized cost and liability accounting also are offered.

Services offered in the basic master trust/master custodial agreement are global safekeeping, full trust administration, cash management, STIF funds, zero balance sweeps, portfolio plan accounting, on-line services, ERISA reporting and client training.

Services available for additional fees are specialized STIF funds, benefit payments, securities lending, global lending, consulting services and performance measurement analytics.

Monthly transaction reports are available in five days; asset and liability reports, the next day; and performance measurement reports, in 10 to 15 days, with on-line reports available the next day. All are available on-line.

New features include global lending, local PC management workstation, enhanced investment manager modeling and strategic tracking.

Fees for domestic services are negotiated individually based on market asset value, transactions, portfolio structure and services required.

Barbara A. Douglas, senior vice president, is client contact.

Bank One, Indianapolis

101 Monument Circle, Indianapolis, Ind. 46277; (317) 639-8151

Domestic master trust assets	$253,000,000
Domestic master custodial	$174,000,000
Domestic master trust clients	7
Domestic master custodial clients	5
Account supervisors	6

Bank One Indianapolis' domestic master trust assets rose $97 million in the year ended June 30; domestic master custodial assets rose $51 million.

The primary accounting method is average.

Services offered in the basic master trust/master custodial agreement are custody, periodic asset and transaction statements, collection of income and other distribution of assets, annual reporting of employee benefit plans, benefit distribution reporting and consolidated reporting.

Performance measurement reports are available for an additional fee.

Monthly transaction reports are available in one to two business days; asset/liability reports, in five to seven business days; and performance measurement reports, within 30 days.

Fees are based on market value.

Karen Chambers is the client contact.

Boatmen's Trust Co.

510 Locust St., St. Louis, Mo. 63101; (314) 436-9265

Domestic master trust assets	$2,392,000,000
Domestic master custodial	$11,745,000,000
Domestic master trust clients	9
Domestic master custodial clients	41
Account supervisors	18

Boatmen's Trust's domestic master trust assets rose $760 million in the year ended June 30; domestic master custodial assets rose $7.164 billion.

The primary accounting method is trade date and accrued basis. Settlement date basis for transactions only also is used.

Services offered in the basic master trust/master custodial agreement are transaction statements, asset reviews, performance measurement and financial reporting.

Services available for additional fees are benefit payments, participant recordkeeping, 401(k) administration, securities lending, investment management and pension plan funding by insurance contracts.

Monthly transaction reports are available in up to five days; asset and liability reports, in five to 10 days; and performance measurement reports, in 10 to 15 days. All are available on-line.

New features include an on-line general ledger system.

Fees are based on market value.

Richard W. Hibbs is client contact.

Boston Safe Deposit and Trust Co.

1 Boston Place, Boston, Mass. 02108; (617) 722-7000

Domestic master trust assets	$48,526,000,000
Domestic master custodial	$92,913,000,000
Domestic master trust clients	54
Domestic master custodial clients	34
Account supervisors	24

Boston Safe Deposit and Trust Co.'s domestic master trust assets rose $9.9 billion in the year ended June 30; domestic master custodial assets rose $16.9 billion.

The primary accounting method is a true trade date, full accrual, multicurrency accounting system with a general ledger structure. The system inter-

Today, the best global custodian
is one who's well-connected.

Once, a custodian could get by with surface knowledge. Today, you need one who's deeply rooted the world over.

Fortunately, one bank does know the global markets in depth. Bankers Trust. We're active in them as worldwide merchant bankers, investment managers, trust bankers.

We know each market's procedures, practices, customs, laws.

When we act as your global custodian, we put all this knowledge at your command.

You need what we need: secure custody in every market, fast and accurate accounting, value-added services like securities lending and investment performance evaluation.

Since we ourselves depend on these services, we've learned to perform them very efficiently.

A call to Mary Ann Schreiber in the US (212-850-4652) or Alan Skinner in the UK (31-315-2345) will tell you more

Today, you simply must have a bank with far-reaching roots.

Bankers Trust Company

Because today isn't yesterday.

faces daily with a cash basis securities movement and control system.

Services offered in the basic master trust/master custodial agreement are safekeeping of assets, cash management, securities settlement and trade date accounting and reporting.

Services available for additional fees are securities lending, performance measurement and analysis, benefit payments, participant recordkeeping, on-line portfolio access, proxy voting and master workstations.

Monthly transaction reports are available in two days; asset/liability reports, in five days; and performance measurement reports, in 10 days. Accounting and performance measurement reports are available on-line.

New features include automated communications and reconcilement between custody records and the client's accounting systems; enhanced global analytics; and global cash forecasting.

Fees are determined by the estimated costs of service delivery.

John L. Carty, senior vice president, is the client contact.

Central Guaranty Trust Co.

Suite 933, Tower C, Atrium on Bay, 20 Dundas St. W., Toronto, Ontario, M5G 2C2; (416) 345-5910

Domestic master trust assets	$1,321,000,000
Domestic master trust clients	29
Account supervisors	5

Central Guaranty Trust Co. offers settlement date as the primary accounting method. Trade date reporting also is offered.

Services offered in the basic master trust agreement are income accruals, unitized accounting and consolidated reporting, cash management, portfolio analysis, performance measurement, report customization, legal administrative guidance, benefit disbursement, participant recordkeeping, securities lending, investment management consulting and options and futures processing.

Monthly transaction reports are available on the fifth business day; asset and liability reports, in 10 business days; and performance measurement reports, in 20 business days.

New features include enhancement of reporting to meet new legislative and accounting requirements.

Fees are based on average book value and number of plans.

Doug Wannamaker, vice president pension services-sales, is client contact.

Chase Manhattan Bank

1211 Sixth Ave., 30th Floor, New York, N.Y. 10036; (212) 730-6116

Domestic master trust assets	$65,100,000,000
Domestic master custodial	$94,100,000,000
Domestic master trust clients	123
Domestic master custodial clients	70
Account supervisors	22

Chase Manhattan Bank's domestic master trust assets rose $1.9 billion during the year ended June 30; its domestic master custody assets increased $9.1 billion.

The primary accounting method is fully accrued, trade date. Cash settlement date, amortized, tax lot and plan accounting also are used.

Services offered in the basic master trust/master custodial agreement are asset safekeeping, transaction processing, income processing, corporate action and proxy notification, legal consulting, accounting, hard copy reporting, on-line reporting, raw data download, investment adviser liaison, cash sweep to zero, cash management, active and passive investment management and client training.

Services offered for additional fees are domestic and global securities lending, benefit payments (including on-line reporting), global custody, performance measurement and analytics, consulting and customized reporting.

Monthly transaction reports are available in hard copy in two business days and on-line, the next day; asset and liability reports, in hard copy in five to seven business days and on-line the next day; and performance measurement reports, in 10 to 12 business days.

New features include an enhanced STIF; on-line benefits payments access and input; on-line access via a toll-free number; and a variety of enhanced on-line reports.

Fees are based on market value, transaction type and volume and portfolio type and volume.

Hortensia Sampedro, vice president, is client contact.

Canadian master trust (U.S. $ millions)

Firm	Total	Master trust
Royal Trust	12,050	12,050
National Trust	8,900	8,900
Montreal Trust *	6,858	6,858
International Trust	1,830	133
Central Guaranty	1,321	1,321
Total	**30,959**	**29,262**

* as of March 31

Chemical Bank

55 Water St., 3rd Floor, New York, N.Y. 10041; (212) 820-5000

Domestic master trust assets	$11,612,000,000
Domestic master custodial	$9,441,000,000
Domestic master trust clients	107
Domestic master custodial clients	131
Account supervisors	25

Chemical Bank's master trust and custodial assets include those of its subsidiary, Texas Commerce Bank.

Domestic master trust and master custodial assets each rose $100 million in the year ended June 30.

The primary accounting method is average cost. Last in, first out; first in, first out; high cost and low cost also offered.

Services offered in the basic master trust/master custodial agreement are asset safekeeping, transaction processing, securities settlement, income collection, corporate action notification, proxy processing, accounting, reporting services, performance measurement, benefit disbursements, daily sweeps of uninvested funds, account administration and investment manager liaison.

Services available for additional fees include electronic access, securities lending and global custody.

Monthly transaction and asset/liability reports are available in five to 10 business days; performance measurement reports, in eight to 10 business days. Transactions and a list of assets are available on-line.

New features include on-line pension payroll access, real-time updates to trade settlement and electronic access to global custody activity.

Fees are based on a combination of the market value of the portfolios, the specific reporting requirements and the complexity of the client relationship.

David Hutton, vice president, is client contact.

Citibank

153 E. 53rd St., 25th Floor, New York, N.Y. 10043; (212) 559-2323

Domestic master trust assets	$26,247,000,000
Domestic master custodial	$78,322,000,000
Domestic master trust clients	190
Domestic master custodial clients	114
Account supervisors	47

Citibank's domestic master trust assets rose $2 billion in the year ended June 30; domestic master custodial assets rose $3.6 billion.

The primary accounting method is trade date. Settlement date and cash basis also are offered.

Services offered in the basic master trust/master custodial agreement are safekeeping and custody, cash management, trade date reporting, equitable share accounting and on-line information management.

Services available for additional fees are flexible reporting, investment performance evaluation, TUCS, global custody, securities lending, participant recordkeeping and DRIP service.

We don't promise you the moon and stars,
just the down-to-earth facts.
Fact: Bank of Boston stands out with a global custody network that offers you a strong competitive edge, beginning with our unique TRACS system, an extensive range of controls far more stringent than required by industry practice or regulations.
Fact: Our global custody network spans 22 nations, with a presence in the world's financial centers, offering experienced on-site management and multi-currency capabilities. We'll shape a custody program that specifically meets the needs of your organization.
Fact: Bank of Boston S.A., Luxembourg, has provided transfer agency and custody services to the mutual fund industry for 17 years, giving us an excellent grasp of EC regulations now.
Fact: We can handle all your global banking service needs, including foreign exchange, international cash management, correspondent banking, arbitrage, and international corporate reorganization.
Fact: For leading-edge technology, worldwide presence, world-class staff, financial strength and experience, and the third largest international network among U.S. banks, Bank of Boston offers a world of difference. For convincing proof, call Stephen Donovan at 1-617-434-6131.
BANK OF BOSTON
Put our strength to work for you.
Milan/Alan Sailer (02) 659-6151 Frankfurt/Hanns Deicke (69) 7545-0 Paris/Bernard P. Guest (1) 4076-7500 London/Brian Ide (01) 799-3333 Luxembourg/Peter Gerrard (352) 477-9251
© 1989 The First National Bank of Boston

vailable on the third business day; sset and liability reports, in five to even business days; and perfor- ance measurement reports, on the 5th business day. All are available n-line.

New features include brokerage ommission reports, a voice-response ystem and consulting services.

Fees are unbundled, based on indi- dual services provided.

The domestic master trust client ontacts are Wolfgang Strauss and enora Parish. The master custodial ontact is Gerard Hourihan.

onnecticut National Bank

77 Main St., Hartford, Conn. 06115; (203) 728-4420

omestic master trust assets	$900,000,000
omestic master custodial	$832,000,000
omestic master trust clients	19
omestic master custodial clients	6
ccount supervisors	13

Connecticut National Bank's domes- master trust assets rose $47 million the year ended June 30.

The primary accounting method is ade date; settlement date also is of- red.

Services offered in the basic master ust/master custodial agreement are ctivity statement, investment ap- raisal and annual report. Perfor- ance measurement reports are avail- ble for an additional fee.

Monthly transaction, asset and liabil- and performance measurement re- orts are available in 10 days.

Fees are based on a combination of arket value and individual transac- ons.

James De Lucia, vice president, is ent contact.

ontinental Bank

31 S. LaSalle St., Chicago, Ill. 60697; (312) 828-3560

omestic master trust assets	$13,367,000,000
omestic master custodial	$4,810,000,000
omestic master trust clients	64
omestic master custodial clients	7
ccount supervisors	12

Continental Bank's domestic master ust assets rose $869 million in the ear ended June 30.

The primary accounting method is lly accrued, trade date. Cash basis nd settlement date also are offered.

Services offered in the basic master ust/master custodial agreement are ust accounting and reporting, plan ccounting, custody of securities, in- me collection, execution of trades, utomated cash management (STIF) nd on-line access to trust data.

Services available for additional fees e performance measurement report- g, securities lending, global custody, nd benefit payments.

Monthly transaction reports are vailable on the second business day; sset and liability reports, on the 20th alendar day for full trust and plan ac- ounting; and performance measure- ent reports, on the 25th calendar ay. Monthly transactions and asset tings are available on-line.

New features include international ecurities lending and state tax with- olding for benefit payments.

Fees are based on assets and trans- ctions.

Christopher S. Ross is client con- ct.

&S Trust Co. Inc.

3 North Ave., Suite 550, Atlanta, Ga. 30308; (404) 897-4905

omestic master trust assets	$32,900,000,000
omestic master custodial	$32,800,000,000
omestic master trust clients	47
omestic master custodial clients	15
ccount supervisors	5

C&S Trust Co. Inc.'s domestic mas- r trust assets rose $474 million in the ear ended June 30.

The primary accounting method is ade date accrual; settlement date on-accrual also is offered.

Services offered in the basic master ust/master custodial agreement are nancial accounting, transaction settle- ent and securities custody.

Services available for additional fees

cordkeeping, ERISA disclosure, investment management and benefit disbursement.

Monthly transaction reports are available in five days; asset and liability reports, 10 days; and performance measurement reports, 15 days. All are available on-line.

New features include an equity concentration analysis that relates the number of shares held in an account to total issued.

Fees are based on a percentage of assets, plus transactions.

J. Dan Davis is client contact.

First Interstate Bank of California

707 Wilshire Blvd., W10-1, Los Angeles, Calif. 90017; (213) 614-3210

Domestic master trust assets	$3,871,000,000
Domestic master custodial	$7,368,000,000
Domestic master trust clients	8
Domestic master custodial clients	11
Account supervisors	9

First Interstate Bank of California's domestic master custodial assets rose $893 million in the year ended June 30.

The primary accounting method is contractual settlement.

Trade date accounting method also is offered.

Services offered in the basic master trust/master custodial agreement are benefit disbursement, index funds and ERISA disclosure.

Services available for additional fees are securities lending and performance measurement.

Monthly transaction reports are available in two days; asset and liability reports, five days; and performance measurement reports, 30 days. Monthly transaction and asset and liability reports are available on-line.

Fees are based on market value and transactions.

Deborah Dilley, vice president and manager-institutional trust sales, is client contact.

First Interstate Bank of Washington

Trust Division, P.O. Box 21927, Seattle, Wash. 98111; (206) 292-3522

Domestic master trust assets	$120,000,000
Domestic master trust clients	1
Account supervisors	1

First Interstate Bank of Washington's basic master trust agreement covers unit accounting and asset roll-up reporting.

Monthly transaction, asset and liability and performance measurement reports are available in 10 business days. Asset and transaction reports are available on-line.

Fees are asset based.

Lawrence T. Divers is client contact.

First Pennsylvania Bank

16th & Market streets, Centre Square West, Philadelphia, Pa. 19101; (215) 786-7327

Domestic master trust assets	$4,140,000,000
Domestic master custodial	$34,837,000,000
Domestic master trust clients	21
Domestic master custodial clients	28
Account supervisors	20

First Pennsylvania Bank's domestic master trust assets rose $1.222 billion in the year ended June 30; domestic master custodial assets rose $6.239 billion.

The primary accounting method is contractual date and trade date on a fully accrued basis.

Services offered in the basic master trust/master custodial agreement are safekeeping of assets, trust administration, accounting, reporting, transaction processing, fail float, client training, investment manager liaison, legal and regulatory updates and integrated on-line services.

Services available for additional fees are performance measurement and comparison, report customization, securities lending, global custody, portfolio analytics, active and passive invest-

CUSTODIAL TRUST COMPANY:

Superior Custody and Securities Lending Services for Institutional Clients

Local 144 Nursing Home Pension Fund

has selected

Custodial Trust Company

to serve as custodian for its investment portfolio.

Local 144 was looking for more cost effective and responsive bank services. Local 144 chose Custodial Trust Company (CTC) because of CTC's exceptional ability to process and report on securities transactions. In addition, Local 144 recognized that with CTC's innovative securities lending program, income from the lending program will exceed all custody costs. These savings can be put to work by Local 144 in more investments.

First City, Texas

has selected

Custodial Trust Company

as subcustodian.

First City, Texas chose Custodial Trust Company (CTC) so that First City's clients could participate in the CTC securities lending program. First City, Texas knows that this lending program has a track record of producing exceptional returns to institutional clients.

Colonial Penn

has selected

Custodial Trust Company

to serve as custodian for its investment portfolio.

Colonial Penn has been looking for more cost effective and responsive bank services. As part of this program Colonial Penn chose Custodial Trust Company (CTC). There were two reasons: first, CTC's exceptional ability to process and report on securities transactions; second, with CTC's innovative securities lending program, income generated from the lending could exceed all custody costs.

CTC is an FDIC-insured New Jersey trust company. Along with securities lending, our services include trust, custody and clearing of government securities.

To see how CTC can put its innovative thinking to work for your institution, call Michael Minikes at (212) 272-2089 or Sandra J. Kinet at (212) 272-2087, Directors of CTC.

Custodial Trust Company

A subsidiary of The Bear Stearns Companies Inc.

ment management, participant recordkeeping, pension payroll, actively managed STIFs; downloading and report writer.

Monthly transaction and asset and liability reports are available in five to seven business days, and are available on-line; performance measurement reports are available in 10 to 15 business days.

New features include commercial checking account interface with the trust system.

Fees are based on market value, security transaction volume and the number of accounts using specific services. The fee for securities lending is based on a percentage of gross securities lending revenue; the fee for recordkeeping is based on the number of participants.

Allen R. Bradley, vice president, is client contact.

Mutual funds will be highlighted in the Oct. 2 issue.

First Trust

180 E. Fifth St., St. Paul, Minn. 55101; (612) 223-7000

Domestic master trust assets	$2,917,000,000
Domestic master custodial	$1,544,000,000
Domestic master trust clients	28
Domestic master custodial clients	131
Account supervisors	5

First Trust's domestic master trust assets rose $85.5 million in the year ended June 30; domestic master custodial assets rose $81 million.

The primary accounting method is trade date with full accruals. Settlement date also is available.

Services offered in the basic master trust/master custodial agreement are custodial, trade date reporting, investment performance reporting, portfolio review, ERISA disclosure assistance, benefit disbursement and daily cash sweeps.

Services available for additional fees are participant recordkeeping, individual investment management, guaranteed investment contract funds, global custody, dial-up and securities lending.

Monthly transaction reports are available in one to three business days; asset and liability reports, five to eight business days; and performance measurement reports, 12 to 15 business days. Monthly transactions and daily asset and liability reports are available on-line.

New features include securities lending, expanded global custody network and a GIC fund.

Fees are calculated using a basis point charge, plus transactions.

Dave Bodine, vice president, is client contact.

First Wachovia Corp.

301 N. Main St., Winston-Salem, N.C. 27150; (919) 770-6348

Domestic master trust assets	$29,572,000,000
Domestic master custodial	$6,431,000,000
Domestic master trust clients	70
Domestic master custodial clients	30
Account supervisors	29

First Wachovia Corp.'s domestic master trust assets rose $6.472 billion in the year ended June 30; domestic master custodial assets rose $875 million.

The primary accounting method is full accrual-trade date adjusted. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are custody of assets, benefit payments, ERISA reporting, cash management, fail float analysis, monthly reporting, plan accounting, on-line inquiry, legal administrative guidance, administration and daily pricing.

Services available for additional fees are securities lending, global custody, asset allocation, options and futures processing, participant recordkeeping, performance measurement, portfolio analysis and comparative performance, customized reporting, trade execution reporting, equity index fund, GIC fund, charitable unitized accounting, private foundation and tax preparation and deferred gift administration.

Monthly transaction reports are available in five business days; asset and liability reports, 10 business days; and performance measurement reports, 12 business days. All reports are available on-line.

New features include a proxy voting monitoring service and a flexible reporting system.

Fees are based on market value and transactions.

The domestic master trust and master custody-pension client contact is Jane B. Fisher. The master custody client contact for foundations and endowments is David C. Taylor.

First Wisconsin Trust Co.

777 E. Wisconsin Ave., Milwaukee, Wis. 53202; (414) 765-4444

Domestic master trust assets	$2,212,000,000
Domestic master custodial	$1,823,000,000
Domestic master trust clients	26
Domestic master custodial clients	4
Account supervisors	8

First Wisconsin Trust Co.'s domestic master trust assets rose $418 million in the year ended June 30; domestic master custodial assets rose $313 million.

The primary accounting method is fully accrued trade date adjusted.

Services offered in the basic master trust/master custodial agreement are plan accounting (both dollar and unitized), care and custody of assets, transaction processing, cash management, consolidated and individual investment reviews and securities lending.

Services available for additional fees are on-line access, relative performance measurement, benefit payments, participant recordkeeping and absolute performance measurement.

Monthly transaction reports are available in two to three business days; asset and liability reports, seven to eight business days; and performance measurement reports, 10 to 12 business days. Transaction and asset and liability reports are available on-line.

New features include enhanced performance measurement and enhanced recordkeeping capabilities.

Fees are based on market value and individual services used.

Robert Aubrecht is client contact.

Harris Trust and Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-2121

Domestic master trust assets	$45,700,000,000
Domestic master custodial	$2,300,000,000
Domestic master trust clients	75
Domestic master custodial clients	8
Account supervisors	14

Harris Trust and Savings Bank's domestic master trust assets rose $6.2 billion in the year ended June 30; domestic master custodial assets rose $1.149 billion.

The primary accounting method is accrual/trade date. Cash/settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are custody, safekeeping, securities clearance, income collection, cash management, accounting and reporting.

Services available for additional fees are global custody, benefit disbursements, securities lending, performance measurement, universe comparison, portfolio analysis and consulting, participant recordkeeping, on-line computer access with data download, custom cash management, custom reporting and systematic investment management.

Monthly transaction reports are available in two to three business days; asset and liability reports, three to seven business days; and performance measurement reports, 10 to 15 business days. Transaction, asset and performance reports are available on-line.

New features include Execu-Line graphics.

Fees are based on market value, transactions and individual services required.

When Burroughs And Sperry Merged Into Unisys, Which Master Trustee Did They Bring On Line?

UNISYS

The Burroughs/Sperry merger was the largest ever for the computer industry.

It produced a strong new company, with two distinct pension asset pools totalling $3 billion—and a decision to make.

Dealing with two separate master trustees was not practical.

So the Harris Bank, a proponent of the team approach to account management, was evaluated along with other well-known custodians who operated from the more traditional approach.

The Harris team came out on top.

One reason is that the Harris Bank team approach keeps Unisys' portfolio business from bogging down. So more business becomes doable. Easy access to Harris team members means instantaneous response, better communications, more flexibility and maximized synergy.

This all makes for timely and accurate reporting. With information more easily retrievable for Unisys, through our on-line data base. And it means portfolio changes are handled and settled smoothly, because our good working rapport with Unisys' investment managers eliminates operational hindrances. Maybe that's why Harris Bank is one of the favorite trustees among investment managers.

Why not find out how the Harris Bank team approach to Master Trust could help your company. Call our Marketing Representative at (312) 461-7956.

The Harris.
Move up to the Banking Lion.

Harris Trust and Savings Bank, 111 W. Monroe St., Chicago, IL 60603 Member FDIC. Federal Reserve System.

International Trust Co.

Royal Bank Plaza, P.O. Box 75, Toronto, Ontario M5J 2J2; (416) 865-0515

Domestic master trust assets	$133,000,000
Domestic master custodial	$1,697,000,000
Domestic master trust clients	3
Domestic master custodial clients	9
Account supervisors	4

International Trust Co.'s pomary accounting method is settlement date/full accrual. Trade date/full accrual also is available.

Services offered in the basic master trust/master custodial agreement are full stewardship reporting (daily, weekly, monthly); regulatory filings; trade custody and settlement; and qualitative and quantitative measurements to ensure regulatory compliance.

Services available for additional fees include specialized reporting.

Monthly transaction and asset and liability reports are available in four to 10 business days and are available on-line; performance measurement reports are available in 18 business days.

New features include enhanced performance measurement.

Fees are calculated using a basis point application to the custody components, plus activity fees.

Sheldon D. Smaye is client contact.

LaSalle National Bank

135 S. LaSalle St., Chicago, Ill. 60603; (312) 443-2000

Domestic master trust assets	$771,000,000
Domestic master custodial	$7,490,000,000
Domestic master trust clients	20
Domestic master custodial clients	300
Account supervisors	8

LaSalle National Bank's domestic master trust assets rose $6.7 million in the year ended June 30; domestic master custodial assets rose $6.7 million.

The primary accounting method is cash or accrual with other options offered.

Services offered in the basic master trust/master custodial agreement are trusteeship, custody, administration, plan accounting, performance measurement and lump sum distribution.

Services available for additional fees are pension checks, participant recordkeeping and loan accounting.

Monthly transaction reports, asset and liability reports and performance measurement reports are available in three business days. Asset and transactions statement reports are available on-line.

New features include improved offsite client inquiry capability and automatic use of multiple STIF options at the account level.

Fees are asset based.

The client contact is Robert Meiresonne.

Social investing will be highlighted in the Nov. 27 issue.

Manufacturers Hanover Trust Co.

450 W. 33rd St., 15th Floor, New York, N.Y. 10001; (212) 613-7900

Domestic master trust assets	$27,300,000,000
Domestic master custodial	$41,000,000,000
Domestic master trust clients	120
Domestic master custodial clients	1,093
Account supervisors	24

Manufacturers Hanover Trust's domestic master trust assets rose $1.3 billion in the year ended June 30; domestic master custodial assets rose $3 billion.

The primary accounting method is trade date. Actual and contractual settlement date also are offered.

Services offered in the basic master trust/master custodial agreement are full administrative services, legal administrative guidance, comprehensive monthly reports at the manager/plan level and master trust level, zero balance cash management, fail float management, options and futures processing and ERISA reporting.

Services available for additional fees are performance measurement, benefit disbursing and related tax reporting, plan accounting, participant recordkeeping, DRIP service, securities lending, TUCS comparisons, asset allocation/asset liability planning, actuarial services, global custody, customized reporting and on-line accounting and reporting.

Monthly transaction reports are available in five to 10 business days; asset and liability reports, in five to seven business days; and performance measurement reports, in three days after the last master trust accounting.

Transaction, asset/liability and performance measurement reports are available on-line.

New features include new on-line security pricing system and cash balance reporting available on VIOLA.

Fees are based on asset value and individual services.

Renee San Marco, vice president, is the client contact.

Marine Midland Bank

250 Park Ave., 3rd Floor, New York, N.Y. 10177; (212) 503-2713

Domestic master trust assets	$1,800,000,000
Domestic master custodial	$1,300,000,000
Domestic master trust clients	35
Domestic master custodial clients	51
Account supervisors	10

Marine Midland Bank's domestic master trust assets rose $300 million in the year ended June 30; domestic master custodial assets rose $100 million.

The primary accounting method is full accrual, trade date. Cash, modified cash and tax lot accounting also are offered.

Services offered in the basic master trust/master custodial agreement are trusteeship, safekeeping, income collection, effecting corporate actions, accounting reports, cash management and ERISA disclosure assistance.

Services available for additional fees are participant recordkeeping, performance measurement, portfolio analysis, portfolio review, securities lending, benefit disbursement, on-line access, plan accounting, investment management and options and futures processing.

Monthly transaction and asset and liability reports are available in five days and are available on-line; performance measurement reports, in 15 days.

Fees are based on asset values, plus transaction charges.

Stephen J. Hartman Jr., director, is client contact.

Marshall & Ilsley Trust Co.

770 N. Water St., Milwaukee, Wis. 53202; (414) 287-7187

Domestic master trust assets	$1,700,000,000
Domestic master custodial	$1,900,000,000
Domestic master trust clients	48
Domestic master custodial clients	7
Account supervisors	9

Marshall & Ilsley Trust Co.'s domestic master trust assets rose $300 million in the year ended June 30; domestic master custodial assets, $130 million.

The primary accounting method is accrual.

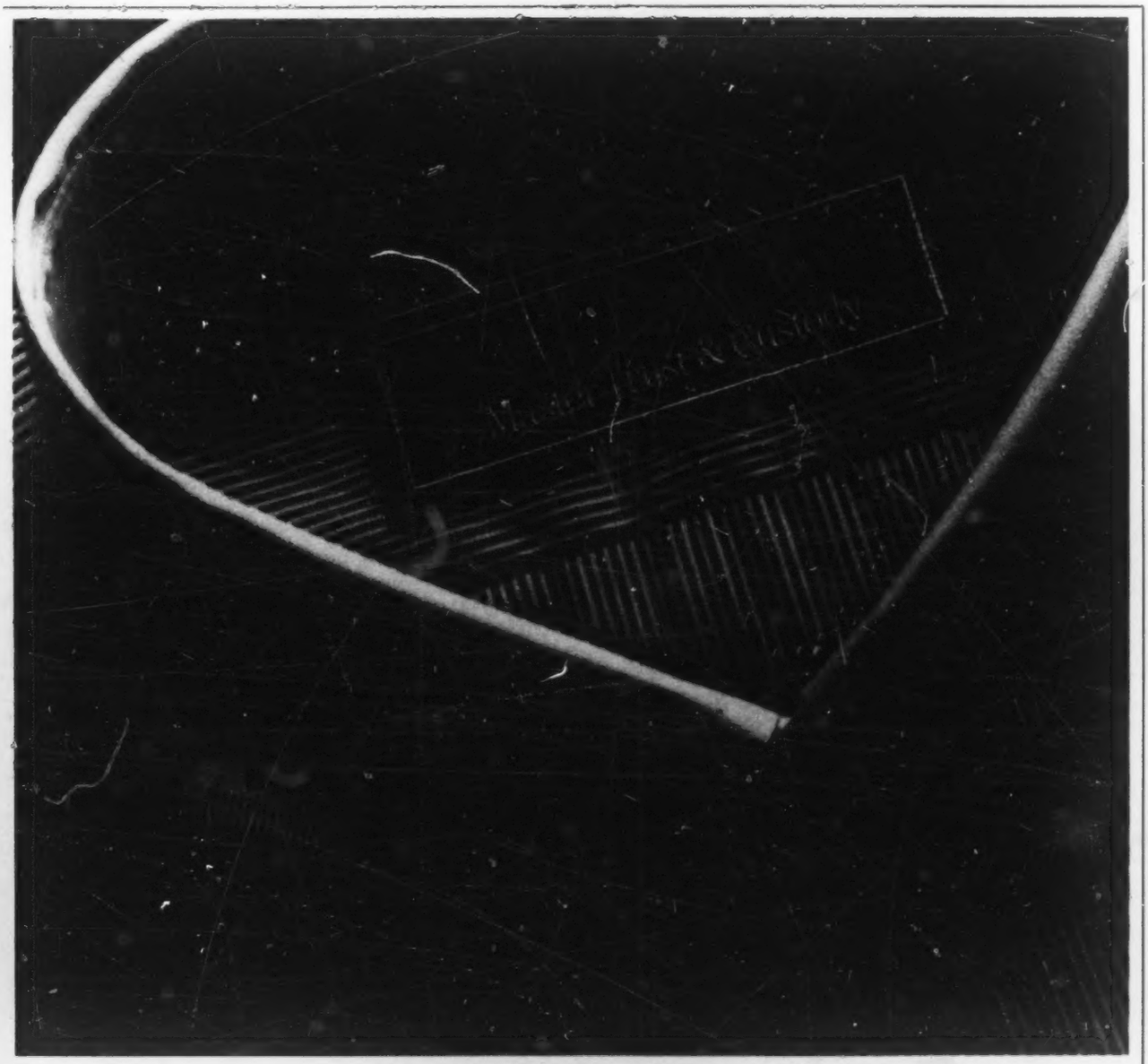
Services offered in the basic master trust/master custodial agreement are performance measurement, ERISA disclosure, benefit disbursement, investment management and participant recordkeeping.

Services available for additional fees are on-line access to trust account, participant recordkeeping and pension payment information; and data downloading.

Monthly transaction, asset and liability and performance measurement reports are available in five to seven business days. Transactions and asset and liability reports are available on-line.

Fees for domestic services are based on asset value and individual services.

Morry L. Birnbaum, vice president, is client contact.



Your Master Trust Service should fit just right.

Not all organizations have the same set of measurements.

That's why, at Trust Company, we custom-tailor Master Trust and Master Custody Services to fit your company or institution exactly. We take into account your needs, your people, and your particular ways of doing business.

And along with state-of-the-art technology, we offer you the kind of personalized attention that some banks just can't deliver.

So, when you go shopping for Master Trust or Master Custody Service, make sure you talk to Trust Company Bank. We just might suit you to a T.

For more information call: Roger M. Birkholz, Vice President, 404-588-8206.

Trust Company Bank
A SunTrust Bank

SunTrust, A SunTrust Bank, Trust Company Bank and the T Design are service marks of SunTrust Banks, Inc.

Mellon Bank

1 Mellon Bank Center, Suite 3335, Pittsburgh, Pa. 15258; (412) 234-5535

Domestic master trust assets	$106,386,000,000
Domestic master custodial	$31,829,000,000
Domestic master trust clients	119
Domestic master custodial clients	44
Account supervisors	24

Mellon Bank's domestic master trust assets rose $14.342 billion in the year ended June 30; domestic master custodial assets rose $19.259 billion.

The primary accounting method is trade date fully accrued. Cash accounting also is offered.

Services offered in the basic master trust/master custodial agreement are conversion, administration, automated cash sweep, cash management and accounting and reporting.

Services available for additional fees are securities lending, global custody; participant recordkeeping, pension disbursement, performance measurement, options and futures processing and on-line services.

Monthly transaction reports are available in three days; asset and liability reports, three to five days; and performance measurement reports, three to five weeks. All are available on-line.

New features include new client on-line access, on-line performance analytics and participant recordkeeping voice inquiry.

Fees are based on account base, asset value and transactions.

Darryl F. Fluhme is client contact.

Montreal Trust Co. of Canada

15 King St. West, Toronto, Ontario M5H 1B4; (416) 860-5555

Domestic master trust assets	$6,858,000,000
Domestic master trust clients	100
Account supervisors	14

Montreal Trust Co. of Canada's assets are as of March 31, 1989. The primary accounting method is settlement date.

Services offered in the basic master trust/master custodial agreement are corporate trusteeship for consolidated pension funds, consolidated accounting, government reporting, automated crediting and allocation of dividends and interest, trust documentation, benefit payments, securities lending, global custody, options processing, on-line and microcomputer reporting, index fund, short-term investment fund unitization, transactions fees, dial-up systems, customized reports, Department of National Revenue, audit letters, mortgage administration, strip coupon custody and wire transfers.

Monthly transaction and asset and liability reports are available on the 10th business day and performance measurement reports, on the 15th business day.

Basic accounting and portfolio data are available on-line.

Fees are based on the average book value of the fund.

Gordon Divitt, vice president, is client contact.

National Trust Co.

21 King St. E, Toronto, Ontario M5C 1B3; (416) 361-3844

Domestic master trust assets	$8,900,000,000
Domestic master trust clients	62
Account supervisors	17

National Trust's primary accounting method is contractual settlement date.

Services offered in the basic master trust/master custodial agreement are custody, settlement, income collection, foreign custody, pension payments and terminations.

Services available for additional fees are securities lending and performance measurement.

Monthly transaction reports are available in five business days; asset and liability reports, in 10 business days.

Performance measurement reports are available in four weeks.

Fees are based on assets, transactions and special work.

Paul Lewis is client contact.

National Bank of Detroit

611 Woodward, Detroit, Mich. 48226; (313) 225-2660

Domestic master trust assets	$12,273,000,000
Domestic master custodial	$17,892,000,000
Domestic master trust clients	140
Domestic master custodial clients	52
Account supervisors	13

National Bank of Detroit's domestic master trust assets rose $1.097 billion in the year ended June 30; domestic master custodial assets rose $370 million.

The primary accounting methods are trade date and settlement date.

Services offered in the basic master trust/master custodial agreement are custody, benefit disbursements, cash management, performance measurement, portfolio review, securities lending, global custody and on-line data monitoring capabilities.

Services available for additional fees are participant recordkeeping and investment management.

Monthly transaction and asset and liability reports are available in five to seven business days; performance measurement reports, in five to 30 business days. All are available on-line.

New features include enhanced global custody services.

Fees are based on asset value and transactional analysis.

Jon R. Mittler is client contact.

NCNB Texas

P.O. Box 83100, Dallas, Texas 75283-1000; (214) 922-7696

Domestic master trust assets	$23,900,000,000
Domestic master custodial	$12,200,000,000
Domestic master trust clients	188
Domestic master custodial clients	61
Account supervisors	17

There was no increase in NCNB Texas' domestic master trust and domestic master custodial assets during the year ended June 30.

The primary accounting method is trade date (full accrual). Settlement date and cash or accrual methods also are offered.

Services offered in the basic master trust/master custodial agreement are client on-line reporting and downloading; on-line DTC securities processing; on-line cash management and forecasting; fail float earnings; accounting reports; global custody; plan accounting and reporting; pre-crediting dividends and interest on payable date in good funds; daily pricing; on-line benefit payments and control disbursement; securities lending; options and futures processing; on-line performance measurement and analytics; asset allocation and simulation services; on-line investment manager affirmation; on-line cash management sweep services; and on-line institutional custody service.

Services available for additional fees are TUCS; 401(k) and ESOP administration; government reporting; stock and bond index funds; portfolio risk insurance; GIC wholesale service; dedicated bond portfolios; performance consulting; transition manager service; and international, real estate, futures and options and energy investing.

Monthly transaction reports are available in two business days; asset and liability reports, three to five business days; and performance measurement reports, 10 business days. All reports are available on-line.

New features include on-line global custody reporting, electronic mail services, enhanced corporate reorganization procedures, an enhanced securities lending system and an enhanced on-line system.

Fees are based on a percentage of market value, plus transactions.

Kurt N. Kinney is client contact.

The Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

Domestic master trust assets	$106,000,000,000

$ $ $ $ $

Two hundred billion dollars says we're in the Custody and Pension business.

It's no drop in the bucket.

But it really is no surprise, either. After all, for over 80 years, our clients have relied on us for complete, accurate and timely information on all kinds of investments. From the expected to the exotic. (Remember, Chemical Bank was the first full service agent for GNMA, so we have unparalleled experience in the increasingly complex securities business.)

We keep our clients informed through powerful communications facilities. Including our PC-based ChemLink Safekeeping Access System (CSAS). Of course, you will also receive daily transaction summaries and monthly asset reports. And our Global Custody accounts are reported in U.S. dollars or on a multi-currency basis.

One of our teams of account administrators, with no less than a combined 30 years professional experience, will be assigned to your account. And will constantly monitor the market for any corporate actions that may affect your position.

So call William Cataldi, Vice President, Securities and Trust Services, today at the number below. Or call your Financial Services Marketing Officer. Once you talk with us you'll realize that while it may be our size that says we are in the business, it's our service and innovation that keeps us there.

212 820-5314

CHEMICAL BANK

The bottom line is excellence.®

©1989 Chemical Bank

Domestic master custodial	$54,000,000,000
Domestic master trust clients	218
Domestic master custodial clients	65
Account supervisors	65

The Northern Trust Co.'s domestic master trust assets rose $1.889 billion in the year ended June 30; domestic master custodial assets rose $19.111 billion.

The primary accounting method is settlement date, fully accrued. Trade date reporting also is offered.

Services offered in the basic master trust/master custodial agreement are administration, custody of assets, trade settlement, income collections, daily pricing, coding, capital structure changes, automated tax lot accounting, investment reports and automated cash sweeps.

Services available for additional fees are global custody; electronic delivery system; performance measurement; cash, structured and traditional investments; securities lending; benefit payments; and options and futures accounting.

Monthly transaction reports are available in three business days; asset and liability reports, five business days; and performance measurement reports, 19 to 25 days. All reports are available on-line.

New features include international securities lending and a real asset system.

Fees are based on the number of investment managers, the number and type of transactions and market value of assets.

Thomas W. Kimen, senior vice president, is client contact.

Norwest Bank Minnesota

Sixth Street and Marquette Avenue, Minneapolis, Minn. 55479-0035; (612) 667-0694

Domestic master trust assets	$2,700,000,000
Domestic master custodial	$1,100,000,000
Domestic master trust clients	17
Domestic master custodial clients	2
Account supervisors	2

Norwest Bank Minnesota's domestic master trust assets rose $300 million in the year ended June 30; domestic master custodial assets rose $125 million.

The primary accounting method is trade date.

Services offered in the basic master trust/master custodial agreement are custody reporting, performance measurement and cash management.

Services available for additional fees are securities lending and performance comparison on-line access.

Monthly transaction reports are available in two business days; asset and liability reports, five business days; and performance measurement reports, 10 business days. All reports are available on-line.

New features include on-line capability.

Fees are based on a combination of account related, value related and transaction volume charges.

Gale Friedrich, vice president, is client contact.

Royal Trust Corp. of Canada

P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9; (416) 981-7000

Domestic master trust assets	$12,050,000,000
Domestic master trust clients	117
Account supervisors	15

Royal Trust Corp. of Canada's domestic master trust assets rose $2.223 billion in the year ended June 30.

The primary accounting method is settlement date. Full adjustment to trade date in financial statements also is offered.

Services offered in the basic master trust/master custodial agreement are full safe-custody; Canadian, U.S. and overseas settlement and income collection (income anticipated on U.S. and Canadian); corporate changes; automatic credit for maturities redemption; expiry date notification; full financial reporting, including total fund and component return calculations; and full benefit payment services.

Services available for additional fees are performance measurement and analysis; securities lending; on-line entry and inquiry; downloading; asset/liability forecasting; global custody; domestic and foreign investment management; and benefit plan communication consulting.

Monthly transaction reports are available in three to four days; asset and liability reports, 10 to 20 days; and performance measurement reports, in seven weeks. Transactions and asset reports are available on-line.

New features include expanded optional services and improved consulting capabilities.

Fees are based on asset value and transaction and report charges.

Richard Holloway, director-pension services, is the client contact.

Security Pacific Bank

333 S. Grand Ave., Suite 1740, Los Angeles, Calif. 90071; (213) 229-2996

Domestic master trust assets	$5,000,000,000
Domestic master custodial	$54,000,000,000
Domestic master trust clients	18
Domestic master custodial clients	44
Account supervisors	15

Security Pacific Bank's domestic master trust assets rose $800,000 in the year ended June 30; domestic master custodial assets rose $3 billion.

The primary accounting method is trade date. Cash, contractual and accrual methods also are offered.

Services offered in the basic master trust/master custodial agreement are clearing, safekeeping, income collection, reporting, on-line access, capital change notification, ERISA reporting and unitized accounting.

Services available for additional fees are performance measurement, investment management, global custody, securities lending, benefit payments and analytics.

Monthly transaction reports are available the next day; asset and liability reports, five to seven days; and performance measurement reports, two to three weeks. Transaction and asset and liability reports are available on-line.

New features include performance measurement, global custody, and a real time trade input and status system.

Fees are based on base administration and transactions.

Brad Marcus is client contact.

Security Trust Co.

2 N. Charles St., P.O. Box 995, Baltimore, Md. 21203; (301) 347-9070

Domestic master trust assets	$679,000,000
Domestic master custodial	$3,657,000,000
Domestic master trust clients	18
Domestic master custodial clients	10
Account supervisors	14

Security Trust Co.'s domestic master trust assets rose $45 million in the year ended June 30; domestic master custodial assets rose $96 million.

The primary accounting method is cash. Reports also can be generated on an entitlement basis.

Services offered in the basic master trust/master custodial agreement are trade settlements, safekeeping, income collection, transaction reporting, portfolio valuations, cash sweeps and annual reporting.

Services available for additional fees are customized reports, remote terminal access, performance measurement, global custody, securities lending, participant recordkeeping, consulting, benefit disbursements and investment management services.

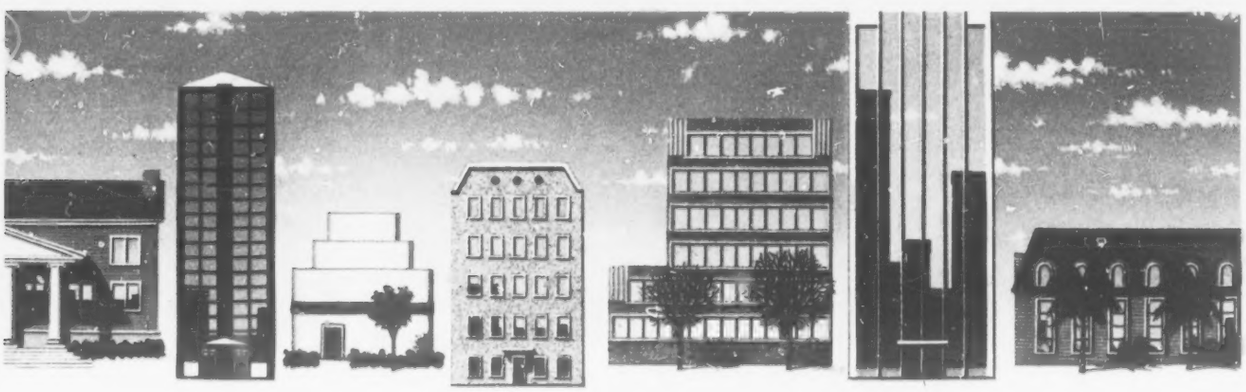
Monthly transaction reports are available in four business days; asset and liability reports, eight business days; and performance measurement reports, 15 business days. All reports are available on-line.

New features include employee benefit consulting services.

Fees are based on market value and transactions.

Patricia L. Potter is master trust client contact.

Kathy A. Jackson is the master cus-



Your First Wachovia Master Trust Is As Individual As Your Company.

No matter what type of Master Trust your company needs, First Wachovia can offer one that's right for you.

Our service is built around one simple premise: package services based on customers' needs. Not ours. And we never lose sight of that objective.

We start with an extensive service offering. We build in the flexibility that lets your company select only what you need. Then we add an Account Manager, who's backed by the most sophisticated technology and innovative thinking in the field.

The outcome is a personalized program that meets your company's needs today, and can change to meet them in the future.

Our years of experience have made us a leader in the field. So if your company is ready to put the most advanced Master Trust service to work, call Jane Fisher at (919) 770-6348.

FIRST WACHOVIA

In addition to the Standard Master Trust services, we will custom design services to meet your individual needs. • Securities Lending • Global Custody • Performance Analytics • Trust Universe Comparison Service® * • Options/Futures Administration • Plan Sponsor On-line • Client Seminars • Investment Consulting • Participant Recordkeeping • 401(k) Administration • Real Estate Management • Venture Capital Management • PAYSOP Administration • Legal Administration • Timberland • Flexible Reporting • Fixed Income Management

*Registered trademark of Wilshire Assoc.

State Street Bank & Trust
P.O. Box 1992, Boston, Mass. 02101; (617) 847-7490

Domestic master trust assets	$114,527,000,000
Domestic master custodial	$123,965,000,000
Domestic master trust clients	198
Domestic master custodial clients	89
Account supervisors	84

State Street Bank & Trust Co.'s domestic master trust assets rose $23.693 billion in the year ended June 30; domestic master custodial assets rose $24.564 billion.

The primary accounting method is true trade date, full accrual. Settlement date also is offered.

Services offered in the basic master trust/master custodial agreement are trusteeship; safekeeping; management; trade settlement; income collection; corporate action monitoring; daily, weekly, monthly valuation; fiduciary control; plan accounting; and on-line access.

Services available for additional fees are country selection; global asset allocation; domestic and international index funds; global custody (multicurrency reporting); performance measurement universe; portfolio analytics; BARRA model; asset allocation; global performance; securities lending; and dividend reinvestment.

Monthly transaction reports are available in three to seven days; asset and liability reports, five to seven days; and performance measurement reports, seven to nine days. All reports are available on-line.

New features include on-line access to equity and fixed-income fundamentals; tactical asset allocation; global performance measurement; global asset allocation; country fund; South Africa-free-EAFE index fund; and international securities lending.

Fees are based on asset value, transaction and portfolio charges.

Frank D. Antin, senior vice president-master trust services, is client contact.

Trust Co. Bank
P.O. Box 4655, Atlanta, Ga. 30302; (404) 827-6698

Domestic master trust assets	$1,312,000,000
Domestic master custodial	$2,123,000,000
Domestic master trust clients	21
Domestic master custodial clients	11
Account supervisors	8

Trust Co. Bank's domestic master trust assets rose $460 million in the year ended June 30; domestic master custodial assets rose $369 million.

The primary accounting method is trade date accrual. Contractual settlement date basis and cash basis also are offered.

Services offered in the basic master trust/master custodial agreement are directed trade settlement, safekeeping, income collection, cash management and financial reporting.

Services available for additional fees are global custody, performance measurement, securities lending, on-line access, participant recordkeeping and benefit payments.

Monthly transaction reports are available in five days; asset and liability reports, five days; and performance measurement reports, 20 days. Transactions and asset and liability reports are available on-line.

Fees are based on market value and transaction charges.

Roger M. Birkholz, vice president, is client contact.

United States Trust Co.
45 Wall St., New York, N.Y. 10005; (212) 806-4500

Domestic master trust assets	$14,700,000,000
Domestic master custodial	$5,000,000,000
Domestic master trust clients	100
Domestic master custodial clients	45
Account supervisors	26

United States Trust Co.'s domestic master trust assets rose $2.1 billion in the year ended June 30; domestic master custodial assets rose $400 million.

The primary accounting method is trade date with full accrual on an average cost basis. Contractual date with full accrual on an average cost basis, low cost, high cost, amortization, accretion, LIFO and FIFO methods also are offered.

Services offered in the basic master trust/master custodial agreement are for monthly and annual accounting; on-line accounting; cash projection; Form 5500; options and futures processing; legal and regulatory reporting; cash management; STIF sweep; corporate actions; proxy notifications; income collection; and trade settlement.

Services available for additional fees are performance measurement; securities lending; investment consulting; global custody; benefit payments; passive management; recordkeeping; customized short-term money management; customized reporting; trade execution monitoring; and CPU to CPU interface and downloading capabilities.

Monthly transaction reports are available in two to three business days; asset and liability reports, five to seven business days; and performance measurement reports, six to eight business days. All reports are available on-line.

New features include month-end and period-to-date on-line accounting.

Fees are based on market value and transaction volume.

Joseph DelliCarpini, vice president, is client contact.

Wilmington Trust Co.
Rodney Square North, Wilmington, Del. 19890; (302) 651-1000

Domestic master trust assets	$13,790,000,000
Domestic master custodial	$411,000,000
Domestic master trust clients	10
Domestic master custodial clients	4
Account supervisors	5

Wilmington Trust Co.'s domestic master trust assets rose $1.115 billion in the year ended June 30; domestic master custodial assets rose $145 million.

The primary accounting method is trade date, fully accrued. Contractual settlement date and cash accounting also are offered.

Services offered in the basic master trust/master custodial agreement are custody, cash management, master trust reporting, options and futures processing and performance measurement.

Services available for additional fees are investment and analytic services, on-line access, securities lending, global custody, pension disbursement and participant recordkeeping.

Monthly transaction reports are available in one day; asset and liability reports, two days. Performance measurement reports are available in 12 days.

Monthly transactions and asset and liability reports are available on-line.

New features include enhanced performance measurement.

Fees are based on asset value and transaction charges.

Barbara A. Uberti, vice president, is client contact.

Global custodians ranked by total assets worldwide

(U.S. $ millions)

Firm	Total*
Chase Manhattan	68,000
Citibank	52,000
State Street Bank	50,809
Morgan Guaranty	40,000
Manufacturers Hanover	25,000
Bank of New York	23,900
Northern Trust	13,200
Boston Safe Deposit	11,100
Bankers Trust	10,600
Bank of America	10,500
Mitsubishi	8,000
Morgan Stanley Trust	7,400
Security Pacific	6,000
First Nat'l-Chicago	4,757
Harris Trust	4,000
Trust Co. Bank	3,790
U.S. Trust	2,694
Mellon Bank	1,900
First Trust	1,600
Continental Bank	1,500
Wilmington Trust	1,100
First Wachovia	759
First Pennsylvania Bank	570
NCNB Texas	500
Nat'l Bank-Detroit	470
Norwest Bank Minnesota	450
First Interstate-California	320
Boatmen's Trust	237
Barclays Bank	33
Total	**351,189**

* Doublecounting may be included because of subcustodial relationships.

Global custody

Bank of America
555 California St., San Francisco, Calif. 94104; (415) 953-6104

Total global custody assets	$10,500,000,000
U.S. tax-exempt global custody	$1,256,000,000
U.S. taxable global custody	$448,000,000
U.S. tax-exempt global custody clients	7
U.S. taxable global custody clients	17
Account supervisors	4

Of Bank of America's $1.256 billion in global custody assets for U.S. tax-exempt clients, $1.16 billion is overseen on its behalf by subcustodians.

The three primary subcustodians in its network are Bank of America Tokyo, Deutsche Bank and Swiss Bank Corp.

The United States is served directly and 27 countries are served by subcustodians.

Foreign exchange capabilities are offered in all major currencies and markets.

Foreign tax withholding assistance is offered in all countries where securities are held.

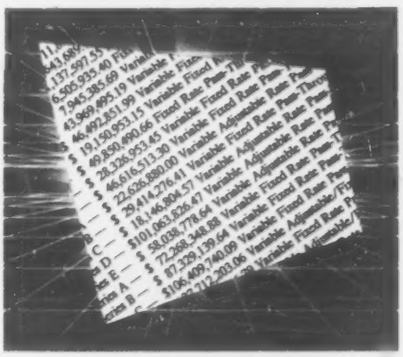
Fees are calculated on a basis point charge of total portfolio market value and are all inclusive, with no clearance or safekeeping fees carried forward from the subcustodian.

There bank does not charge for foreign currency and money transfer services.

Monthly transaction, asset/liability and performance measurement reports are available in three to 10 days. Transaction reports are available on-line.

Robert F. Dermann, vice president-sales marketing, is client contact.

FP&S: Filling the void in the asset-backed securities market.



FP&S and the mortgage market
FP&S, a leading financial intermediary, bridges originating institutions with public and private investors by issuing products and services in the areas of mortgages and asset-backed securities.

FP&S and the defeasance market
Our ability to allocate resources for production is well illustrated in the specialized defeasance market. For example — We work with issuers of mortgage-backed bonds to liquidate underlying collateral. Liquidation proceeds are then used to purchase a portfolio of U.S. Treasuries to replace the cash-flow of original mortgage loan collateral thereby:

- reducing "overweight" collateral levels,
- releasing non-mortgage trust assets, and . . .
- improving administrative and accounting reporting requirements.

FP&S as master servicer
Our fully automated master servicing function is the key to serving investors over the long term. FP&S ensures that investors' interests are always protected while constantly monitoring performance of the underlying assets. Clients are provided with a comprehensive monthly service that:

- adds value to the mortgage portfolio,
- provides customized reporting, and . . .
- assumes the responsibility of the day-to-day dealings with lenders, sub-servicers, trustees and intermediary deposit institutions.

If you're a private institutional investor or a small-to-medium sized originator seeking an expert financial intermediary, call Andrew Resendez or Victor Bove at (617) 439-4448. ***Discover why clients rely on FP&S.***

Financial Products & Services, Inc.

FP&S

Financial Products & Services, Inc., a subsidiary of the OCWEN Financial Corporation, 260 Franklin Street, Boston, MA 02110 • (617) 439-4448

The Bank of New York
48 Wall St., New York, N.Y. 10015; (212) 495-1784

Total global custody assets	$23,900,000,000
U.S. tax-exempt global custody	$3,500,000,000
U.S. taxable global custody	$20,400,000,000
U.S. tax-exempt global custody clients	20
U.S. taxable global custody clients	730
Account supervisors	45

All of Bank of New York's $3.5 billion in global custody assets for U.S. tax-exempt clients are overseen on its behalf by subcustodians.

Its subcustodial network services 24 countries, and foreign exchange capabilities and foreign tax withholding assistance are offered in all 24.

Fees are based on market asset value, transactions and activity, portfolio structure and services required.

Monthly transaction and asset liability reports are available in five days; performance measurement reports, in 10 days. Transaction and asset reports are available on-line.

Barbara A. Douglas, senior vice president, is client contact.

Bankers Trust Co.
280 Park Ave., New York, N.Y. 10017; (212) 850-4652

Total global custody assets	$16,550,000,000
U.S. tax-exempt global custody	$5,558,000,000
U.S. taxable global custody	$132,000,000
U.S. tax-exempt global custody clients	44
U.S. taxable global custody clients	1
Account supervisors	6

Of Bankers Trust's $5.558 billion in global custody assets for U.S. tax-exempt clients, $4.097 billion is overseen on its behalf by subcustodians and $75 million constitutes subcustodial accounts it oversees for others.

Countries served directly are the United Kingdom and the United States. In addition, 26 countries are served by subcustodians.

Foreign exchange capabilities are offered in all major currencies.

Foreign tax withholding assistance is offered in all countries it services directly or through its subcustodial network.

Fees are based on transaction volumes, asset size and distribution across markets.

Monthly transaction and asset liability reports are available in eight to 10 business days; performance measurement reports, in three to four weeks.

Mary Ann Schreiber, vice president, is client contact.

Barclays Bank PLC
75 Wall St., New York, N.Y. 10265; (212) 412-3546

Total global custody assets	$33,000,000
U.S. tax-exempt global custody	$0
U.S. taxable global custody	$0
U.S. tax-exempt global custody clients	0
U.S. taxable global custody clients	0

Barclays Bank has provided global custody services internationally since 1979, and introduced the service to U.S. clients on Jan. 1.

Countries served directly are the Netherlands, Ireland, Switzerland, Channel Islands, Portugal, the United Kingdom, Spain, Italy, France, the United States, Canada, Hong Kong, Singapore, Australia, Japan, and New Zealand. In addition, 15 other countries are served by subcustodians.

Foreign exchange capabilities and foreign tax withholding assistance are offered in all countries serviced, both directly and by the subcustodial network.

Fees are based on assets held, transaction activity by country and reporting requirements.

Monthly transaction, asset/liability and performance measurement reports are available in five business days. All are available on-line.

Joseph D. Vierno is client contact.

Boatmen's Trust Co.
510 Locust St., St. Louis, Mo. 63101; (314) 436-9263

Total global custody assets	$237,000,000
U.S. tax-exempt global custody	$218,000,000
U.S. taxable global custody	$19,000,000
U.S. tax-exempt global custody clients	81
U.S. taxable global custody clients	82
Account supervisors	5

All of Boatmen's Trust's $218 million in global custody assets for U.S. tax-exempt clients is overseen on its behalf by subcustodians.

The two primary subcustodians in its network are Chase Manhattan and Bankers Trust, both in New York.

There are 25 countries serviced by the subcustodial network.

Foreign exchange capabilities are offered by Bankers Trust in all countries with an organized banking facility, conducting foreign exchange.

Foreign tax withholding assistance is offered in 20 countries.

Fees are calculated on a base charge rate of $16,000 per year; on a market value of 15 basis points per year; and a charge of $50 per transaction.

Monthly transaction reports are available in up to five days; asset/liability reports, in five to 10 days; and performance measurement reports, in 15 days. All are available on-line.

Richard W. Hibbs is client contact.

Boston Safe Deposit and Trust Co.
1 Boston Place, Boston, Mass. 02108; (617) 722-7000

Total global custody assets	$11,100,000,000
U.S. tax-exempt global custody	$5,513,000,000
U.S. taxable global custody	$5,587,000,000
U.S. tax-exempt global custody clients	43
U.S. taxable global custody clients	35
Account supervisors	8

Of Boston Safe Deposit's $5.513 billion in global custody assets for U.S. tax-exempt clients, $5.143 billion is overseen on its behalf by subcustodians and $370 million constitutes subcustodial accounts it oversees for others.

The three primary subcustodians in its network are Mitsubishi Bank Ltd., Tokyo; Boston Safe Deposit & Trust Co., London; and National Australia Bank, Melbourne. The three top institutions for which it acts as subcustodian are Montreal Trust, Montreal; Banque Generale du Luxembourg; and Trustmark Bank, Jackson, Miss.

There are 27 countries serviced by subcustodians.

Foreign exchange capabilities are offered in all currencies through the Boston and London offices.

Foreign tax withholding assistance is offered in all 27 countries through the subcustodian network. A PC-based tracking system also is offered.

Fees are based on account structure, as well as the assets and transaction costs by country.

Monthly transaction reports are available in two days; asset and liability reports, in five days; and performance measurement reports, in 10 days. Accounting and performance measurement reports are available on-line.

John L. Carty, senior vice president, is client contact.

Chase Manhattan Bank
1211 Sixth Ave., 30th Floor, New York, N.Y. 10036; (212) 730-4219

Total global custody assets	$68,000,000,000
U.S. tax-exempt global	$20,700,000,000
U.S. taxable global custody	$16,300,000,000
U.S. tax-exempt global custody clients	39
U.S. taxable global custody clients	33
Account supervisors	18

Of Chase Manhattan's $20.7 billion in global custody assets for U.S. tax-exempt clients, $8.8 billion is overseen on its behalf by subcustodians and $4.4 billion constitutes subcustodial accounts it oversees for others.

The three primary subcustodians in its network are Cedel, Luxembourg; Berliner Handles und Frankfurter Bank, West Germany; and National Australia Bank, Australia.

Countries served directly are Argentina, Brazil, Chile, Hong Kong, Japan, Singapore, Turkey, the United Kingdom and the United States. In addition, 24 countries are served by subcustodians.

Foreign exchange capabilities are offered in all 33 countries serviced by the bank's direct and subcustodial global network.

Foreign tax withholding assistance is offered directly by Chase Manhattan in 26 countries serviced by the global custody network (regardless of direct or subcustodial custody arrangements). Subcustodians arrange foreign tax withholding in Australia, Belgium, Canada, France, Greece and the Netherlands.

Global custody fees are based on market value, transaction type and volume, portfolio type and volume by country.

Monthly transaction and asset and liability reports are available in three to seven business days; performance measurement reports, in 10 to 15 days. All global accounting and transaction reports are available on-line.

Cathy Lee, vice president, is client contact.

Citibank
111 Wall St., Third Floor, New York, N.Y. 10043; (212) 657-7071

Total global custody assets	$52,000,000,000
U.S. tax-exempt global custody	$5,000,000,000
U.S. taxable global custody	$2,000,000,000
U.S. tax-exempt global custody clients	17
U.S. taxable global custody clients	40
Account supervisors	16

Of Citibank's $5 billion in global custody assets for U.S. tax-exempt clients, $600 million is overseen on its behalf by subcustodians and $300 million constitutes subcustodial accounts it oversees for others.

The three primary subcustodians in its network are Cedel, Luxembourg; Canada Trust, Canada; and Banque Paribas, France.

Countries served directly are Argentina, Austria, Australia, Brazil, Greece, Hong Kong, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, the Philippines, Puerto Rico, Singapore, Spain, Switzerland, Taiwan, Thailand, the United Kingdom, the United States, and West Germany. In addition, 11 countries are served by subcustodians.

Foreign exchange capabilities are provided in New York, London and other Citibank locations worldwide.

Foreign tax withholding assistance is offered directly in Argentina, Australia, Austria, Greece, the Netherlands, Italy, Japan, Malaysia, Mexico, Singapore, Spain, Switzerland, Thailand, the United Kingdom, and West Germany. Foreign tax reclaim support is offered by subcustodians in 11 other countries.

Fees are based on asset value, transaction volume, and reporting requirements.

Monthly transaction reports and asset/liability reports are available in two to 10 business days; and performance measurement reports, on the 15th day following receipt of all information. All reports are available on-line.

Kevin Smith, vice president, is client contact.

Continental Bank
231 S. LaSalle St., Chicago, Ill. 60174; (312) 828-4038

Total global custody assets	$1,500,000,000
U.S. tax-exempt global custody	$200,000,000
U.S. taxable global custody	$1,300,000,000
U.S. tax-exempt global custody clients	3
U.S. taxable global custody clients	15
Account supervisors	4

All of Continental Bank's $200 million in global custody assets for U.S. tax-exempt clients, is overseen on its behalf by subcustodians.

The three primary subcustodians in its network are Dai Ichi Kangyo Bank, Japan; Euroclear; and the Bank of Scotland, the United Kingdom.

There are 22 countries served by its subcustodial network, which also offers foreign exchange capabilities and foreign tax withholding assistance.

Fees are based on market value and transaction charges.

Monthly transaction and asset and liability reports are available in seven business days after period end; performance measurement reports are available in 25 calendar days. Monthly transaction and asset and liability reports are available on-line.

Cheryl A. Derezinski is the client contact.

First Interstate Bank of California
707 Wilshire Blvd., W10-1, Los Angeles, Calif. 90017; (213) 614-3210

Total global custody assets	$320,000,000
U.S. tax-exempt global custody	$90,000,000
U.S. taxable global custody	$230,000,000
U.S. tax-exempt global custody clients	3
U.S. taxable global custody clients	50
Account supervisors	2

All of First Interstate Bank of California's $90 million in global custody assets for U.S. tax-exempt clients is overseen on its behalf by subcustodians.

The primary subcustodian in its network is Chase Manhattan.

There are 25 countries served by the subcustodian network. Foreign exchange capabilities are offered through the subcustodian in all 25 countries.

Fees are based on market value and transaction volume.

Monthly transaction, asset and liability and performance measurement reports are available in 10 days. Transaction reports are available on-line.

Deborah Dilley, vice president and manager-institutional trust sales, is client contact.

The First National Bank of Chicago
1 First National Plaza, Chicago, Ill. 60670; (312) 732-8130

Total global custody assets	$4,757,000,000
U.S. tax-exempt global custody	$974,000,000
U.S. taxable global custody	$3,783,000,000
U.S. tax-exempt global custody clients	7
U.S. taxable global custody clients	22
Account supervisors	4

Of First National Bank of Chicago's $974 million in global custody assets for U.S. tax-exempt clients, $950 million is overseen on its behalf by subcustodians.

The three primary subcustodians in its network are Euroclear, Brussels; Royal Bank of Scotland, United Kingdom; and Bank of Tokyo, Japan.

The United States is served directly. In addition, 22 countries are served by subcustodians.

Foreign exchange capabilities and foreign tax withholding assistance are offered in all 22 countries.

Fees are based on a percentage of asset value (minimum $1,000 per month) plus transaction fees at fixed-rates per type of transaction/foreign country bands (includes subcustodian charges).

Monthly transaction reports are available in two days; asset and liability reports, five days; and performance measurement reports, five days. All reports are available on-line.

Brian G. Clarke, vice president, is client contact in the United States. Ian K. Watson, vice president, is client contact in the United Kingdom at 01-240-7240

First Pennsylvania Bank
1600 Market St., Philadelphia, Pa. 19101; (215) 786-8045

Total global custody assets	$570,000,000
U.S. tax-exempt global custody	$550,000,000
U.S. taxable global custody assets	$20,000,000
U.S. tax-exempt global custody clients	10
U.S. taxable global custody clients	2
Account supervisors	4

All of First Pennsylvania Bank's $550 million in global custody assets for U.S. tax-exempt clients are overseen on its behalf by subcustodians.

STEWART CONSTRUCTION CONSULTANTS

Advises Real Estate Investors and Lenders

We specialize in
- due diligence construction document reviews
- inspection of work-in-progress
- inspection of existing properties for acquisition or financing

Call 713/688-8665

Houston ■ Dallas ■ Huntington Beach, CA

EMERSON

INVESTMENT MANAGEMENT INC.

BALANCED PORTFOLIOS FOR INVESTMENT SUCCESS

Boston Washington, D.C.

The three primary subcustodians in its network are State Street Boston and London, for Canada; Citibank for the United Kingdom; and Sumitomo Trust for Japan.

The United States is served directly. In addition, 18 countries are served by subcustodians.

Foreign exchange capabilities are offered according to investment manager request.

Foreign tax withholding assistance is offered according to client requirements.

Fees are based on transactions, portfolio accounting, and holding charges by country and settlement requirements.

Monthly transaction and asset and liability reports are available in 10 days; performance measurement reports, 20 days. Transaction and unaudited asset valuation reports are available on-line.

Allen R. Bradley, vice president, is client contact.

First Trust

180 E. Fifth St., St. Paul, Minn. 55101; (612) 223-7000

Total global custody assets	$1,600,000,000
U.S. tax-exempt global custody	$15,000,000
U.S. taxable global custody	$1,585,000,000
U.S. tax-exempt global custody clients	3
U.S. taxable global custody clients	55
Account supervisors	5

Of First Trust's $15 million in global custody assets for U.S. tax-exempt clients, $14 million is overseen on its behalf by subcustodians.

There are 20 countries are served by its subcustodian network.

Foreign exchange capabilities are offered in all network countries except Thailand.

Foreign tax withholding assistance is offered in all 20 countries.

Fees are calculated quarterly based on transaction charges, issue charge and inventory basis point, plus reimbursement for foreign out-of-pocket expenses.

Monthly transaction reports are available in five business days; asset and liability reports, in eight business days; and performance measurement reports, by the 15th of the following month. Monthly transaction and asset reports are available on-line.

The client contacts are Michael Derck, assistant vice president-global custody product, and Dave Bodine and Bob Spies, both vice presidents.

First Wachovia Corp.

P.O. Box 3099, Winston-Salem, N.C. 27150; (919) 770-3348

Total global custody assets	$759,000,000
U.S. tax-exempt global custody	$723,000,000
U.S. taxable global custody assets	$36,000,000
U.S. tax-exempt global custody clients	10
U.S. taxable global custody clients	6
Account supervisors	5

All of First Wachovia Corp.'s $723 million in global custody assets for U.S. tax-exempt clients is overseen on its subcustodians. The primary subcustodian is Chase Manhattan Bank.

There are 14 countries served by the subcustodian network. Foreign exchange capabilities and foreign tax withholding assistance are offered in all 14 countries.

Fees are based on market value and transaction volume.

Monthly transaction reports are available after five business days; asset and liability reports, after 10 business days; and performance measurement reports, after 12 business days. All reports are available on-line.

The client contact is Jane B. Fisher.

Harris Trust and Savings Bank

111 W. Monroe St., Chicago, Ill. 60603; (312) 461-2121

Total global custody assets	$4,000,000,000
U.S. tax-exempt global custody	$3,940,000,000
U.S. taxable global custody assets	$60,000,000
U.S. tax-exempt global custody clients	35
U.S. taxable global custody clients	3
Account supervisors	6

All of Harris Trust's $3.94 billion in global custody assets for U.S. tax-exempt clients is overseen on its behalf by subcustodians. A primary subcustodian is Mitsubishi Bank, California.

There are 21 countries served by the subcustodial network, with foreign exchange capabilities are offered in all countries. Foreign tax withholding assistance is offered in all countries where applicable.

Fees are calculated on a geographic band.

Monthly transaction and asset and liability reports are available in 10 days; performance measurement reports, in 15 days.

Transaction and position reports are available on-line, in U.S. dollar equivalents only.

Gary A. Rothman is client contact.

Manufacturers Hanover Trust Co.

7 Princes St., London EC2P 2LR, U.K.; (01) 315-6341

Total global custody assets	$25,000,000,000
U.S. tax-exempt global custody	$400,000,000
U.S. taxable global custody	$3,500,000,000
Total global custody clients	450
Account supervisors	10

Manufacturers Hanover Trust Co. was not able to provide a breakdown of subcustodial arrangements for its $400 million in global custody assets for U.S. tax-exempt clients and a breakdown between U.S. tax-exempt and taxable clients.

The three primary subcustodians in its network are Euroclear, Belgium; Dai-Ichi Kangyo Bank, Japan; and Deutsche Bank, West Germany.

Countries served directly are Switzerland, the United Kingdom and the United States. In addition, 28 countries are served by subcustodians.

Foreign exchange capabilities are offered in all 31 countries covered by the global custody network, and foreign tax withholding assistance is offered.

Global custody fees are calculated individually based on portfolio size, transactions and countries of investment.

Monthly transaction and asset and liability reports are available within four days of month's end; performance measurement reports are available within two days after the financial investment report. Transaction and asset and liability reports are available on-line.

The client contacts are John M. Gibson, vice president, and Janet Mutsch, manager.

Mellon Bank

1 Mellon Bank Center, Suite 3335, Pittsburgh, Pa. 15258; (412) 234-5535

Total global custody assets	$1,900,000,000
U.S. tax-exempt global custody	$1,824,000,000
U.S. taxable global custody assets	$76,000,000
U.S. tax-exempt global custody clients	30

© 1989 The Chase Manhattan Corporation

U.S. taxable global custody clients 6
Account supervisors 24

Of Mellon Bank's $1.824 billion in global custody assets for U.S. tax-exempt clients, $1.816 billion is overseen on its behalf by subcustodians and the rest constitutes subcustodial accounts it oversees for others.

The three primary subcustodians in its network are Sumitomo Trust and Banking, Tokyo; Baring Brothers & Co., London; and Bank of Montreal, Montreal. Top institutions for which it acts as subcustodian are Sun Bank, Orlando, Fla., and Putnam Trust Co., Greenwich, Conn.

There are 25 countries served by the subcustodial network, which offers foreign exchange capabilities and foreign tax withholding assistance in all locations.

Fees are calculated using base, asset and transaction fees.

Monthly transaction and asset and liability reports are available in five days; performance measurement reports, in six weeks. All are available on-line.

Darryl J. Fluhme is client contact.

Mitsubishi Global Custody — Bank of California

800 Wilshire Blvd., 12th Floor, Los Angeles, Calif. 90017; (213) 621-1393

Total global custody assets . . . $8,000,000,000
U.S. tax-exempt global custody $7,500,000,000
U.S. taxable global custody assets $65,000,000
U.S. tax-exempt global custody clients . . 155
U.S. taxable global custody clients 25
Account supervisors 25

Of Mitsubishi Global Custody's $7.5 billion in global custody assets for U.S. tax-exempt clients, $3 billion is overseen on its behalf by subcustodians.

The primary subcustodians in its network are Euroclear; National Westminster, United Kingdom; and Helaba Bank, West Germany.

Countries served directly are Japan and the United States; 20 countries are served by subcustodians.

Foreign exchange capabilities are offered in all countries except Thailand.

Foreign tax withholding assistance is offered through subcustodians in Belgium, Canada, Denmark, France, Italy, Netherlands, Switzerland, the United Kingdom and West Germany.

Fees are calculated based on a combination of transaction volume and average assets under custody. Fees vary by country.

Monthly transaction asset and liability reports are available in three to 10 business days and are available on-line.

Debra Kay Jefferson is client contact.

ESOPs: Sept. 18.

Morgan Guaranty Trust Co. of New York

23 Wall St., New York, N.Y. 10005; (212) 483-2323

Total global custody assets . . $40,000,000,000
U.S. tax-exempt global custody $5,600,000,000
U.S. taxable global custody . $34,400,000,000
U.S. tax-exempt global custody clients . . . 14
U.S. taxable global custody clients 53
Account supervisors 11

Of Morgan Guaranty Trust's $5.6 billion in global custody assets for U.S. tax-exempt clients, $1.008 billion is overseen on its behalf by subcustodians and $2 billion constitutes subcustodial accounts it oversees for others.

The three primary subcustodians in its network are Euroclear, Morgan London and Morgan Tokyo.

Countries served directly are Argentina, Belgium, Brazil, France, Italy, Japan, the Netherlands, Spain, Switzerland, the United Kingdom, the United States and West Germany. In addition, 19 countries are served by subcustodians.

Foreign exchange capabilities are offered in all major and most minor currencies. Foreign tax withholding assistance also is offered.

Fees are a percentage of the market value based on country of investment, plus transaction costs.

Monthly transaction and asset/liability reports are available five days after month end; and performance measurement reports, in 10 days after month end. Portfolio information is available on-line.

Julie Ben-Susan, vice president, is client contact.

Morgan Stanley Trust Co.

1 Evertrust Plaza, Jersey City, N.J. 07302; (201) 915-3900

Total global custody assets . . $7,400,000,000
U.S. tax-exempt global custody $3,000,000,000
U.S. taxable global custody . . $4,400,000,000
U.S. tax-exempt global custody clients 3
U.S. taxable global custody clients 18
Account supervisors 3

All of Morgan Stanley Trust Co.'s $3 billion in global custody assets for U.S. tax-exempt clients is overseen on its behalf by subcustodians.

The three primary subcustodians in its network are Morgan Stanley, Tokyo; Midland Bank, London; and Cedel, Luxembourg.

There are 23 countries served by the subcustodian network, which also offers foreign exchange capabilities in all countries serviced and foreign tax withholding where possible.

Fees are calculated on two types of charges: a safecustody fee and a transaction fee, which are based on the client's portfolio mix.

Monthly transaction reports are available within 24 hours and asset/liability reports in three business days.

The client contacts are Robert Kay and Tom Christofferson.

National Bank of Detroit

511 Woodward, Detroit, Mich. 48226; (313) 225-2660

Total global custody assets $470,000,000
U.S. tax-exempt global custody $470,000,000
U.S. tax-exempt global custody clients . . . 16
Account supervisors 2

All of National Bank of Detroit's $470 million in global custody assets for U.S. tax-exempt clients is overseen on its behalf by subcustodians.

The three primary subcustodians in its network are Amro, Cedel and NBD London.

There are 22 countries served by the subcustodian network, which offers both foreign exchange capabilities and foreign tax withholding assistance in all covered countries.

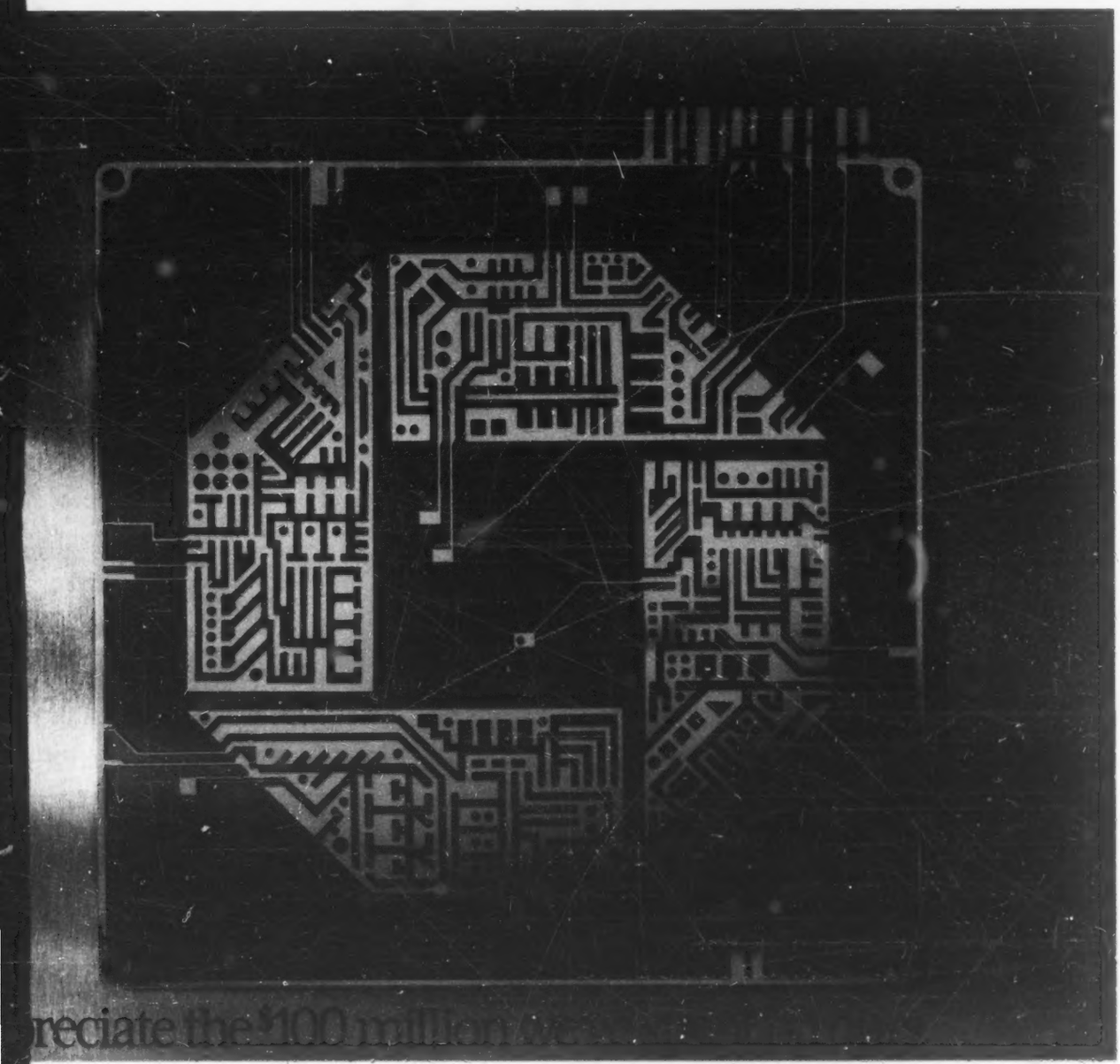
Fees are based on asset value and transaction by location of country, subject to a minimum monthly charge.

Monthly transaction and asset and liability reports are available in 10 to 12 business days; performance measurement reports, 30 calendar days.

The client contact is John R. Mittler.

NCNB Texas

P.O. Box 83100, Dallas, Texas 75283-1000; (214) 922-7696



Ever since Chase invented the global custody business, we've invested in an unrelenting self-improvement program. In the past two years alone, we've devoted $20 million to advancing our technology.

A client sees every dollar of that investment in action. In our supremely efficient handling of a chaotic international business. In our swift data transmission. (Name another custodian who can transmit a 2,000-page phone directory in 90 seconds flat.)

You'll also see our investment at work in the myriad of innovative services it allows us to offer: Contractual Settlement Date Accounting, international securities lending, and AutoCredit.℠ If you like, you can see it on-line, every day, with automated trade input, access to custody data, and multi-currency accounting reports.

All this helps you maximize your information, and in turn, your returns.

Before you get tied up with the wrong custodian, contact Chase in New York at (212) 730-4219; London, 01-726-5303; Tokyo, 3-287-4150; Luxembourg, 4-626-85207; or in the Channel Islands, 5-342-5561. For U.S. Pension Trust information, call (212) 730-6116.

CHASE

Total global custody assets $500,000,000
U.S. tax-exempt global custody $500,000,000
U.S. tax-exempt global custody clients . . . 4
Account supervisors 5

All of NCNB Texas' $500 million in global custody assets for U.S. tax-exempt clients are overseen on its behalf by Chase Manhattan Bank, New York.

There are 33 countries served by the subcustodian, which also offers foreign exchange capabilities and foreign tax withholding assistance in all covered countries.

Global custody fees are calculated on a percentage of market value plus an account management fee.

Monthly transaction and asset/liability reports are available in five business days; and performance measurement reports, in seven to 10 business days. All are available on-line.

The client contact is Kurt N. Kinney.

Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

Total global custody assets . . $33,200,000,000
U.S. tax-exempt global custody $9,600,000,000
U.S. taxable global custody . . . $361,000,000
U.S. tax-exempt global custody clients . . 62
U.S. taxable global custody clients 62
Account supervisors 65

All of Northern Trust's $9.6 billion in global custody assets for U.S. tax-exempt clients are overseen on its behalf by subcustodians.

The three primary subcustodians in its network are Mitsubishi Bank, Japan; Royal Bank of Scotland, United Kingdom; and Banque Scandinave en Suisse, Switzerland.

The United States is served directly. In addition, 28 countries are served by subcustodians.

Foreign exchange capabilities and foreign tax withholding assistance are offered in all countries in the subcustodial network.

Fees are calculated individually.

Monthly transaction and asset/liability reports are available in seven to 12 business days; and performance measurement reports, in 17 to 22 business days. All are available on-line.

The client contact is Jennifer Kamp Cameron, vice president.

Norwest Bank Minnesota

Sixth Street and Marquette Avenue, Minneapolis, Minn. 55479; (612) 667-8894

Total global custody assets $450,000,000
U.S. taxable global custody . . . $450,000,000
U.S. taxable global custody clients 26
Account supervisors 12

All of Norwest Bank Minnesota's $450 million in global custody assets for U.S. taxable clients is overseen on its behalf by subcustodians.

The primary subcustodian in its network is Morgan Stanley.

There are 21 countries served by the subcustodian network, which also offers foreign exchange capabilities and foreign tax withholding assistance.

Fees are based on asset value plus a transaction charge.

Monthly transaction, asset and liability and performance measurement reports are available in 10 business days. All are available on-line.

The client contact is Gale Friedrich, vice president.

Security Pacific Bank

333 S. Grand Ave., ‡1740, Los Angeles, Calif. 90071; (213) 229-2996

Total global custody assets . . . $6,600,000,000
U.S. tax-exempt global custody $1,500,000,000
U.S. taxable global custody . . $5,500,000,000
U.S. tax-exempt global custody clients . . . 32
U.S. taxable global custody clients 93
Account supervisors 10

Of Security Pacific Bank's $1.5 billion in global custody assets for U.S. tax-exempt clients, $1 billion is overseen on its behalf by subcustodians. Two primary subcustodians are Euroclear and CEDEL.

Countries served directly are Chile, Hong Kong, Japan, Malaysia, Singapore, Switzerland, Thailand and the United Kingdom. In addition, 19 countries are served by subcustodians.

Foreign exchange capabilities are offered in all major financial markets.

Foreign tax withholding assistance is offered in all applicable countries. Tax reclamation services are offered in countries where dual tax treaties exist.

Fees are calculated on clearance and custody fees, incorporating subcustodial charges and administration overhead.

Monthly transaction and asset/liability reports are available in five business days, and will be available on-line in the first quarter of 1990.

The client contacts are Joseph Kolb and Cathy Holsey, senior vice presidents.

State Street Bank and Trust

P.O. Box 1992, Boston, Mass. 02101; (617) 847-2511

Total global custody assets . . $50,809,000,000
Tax-exempt global custody . $24,009,000,000
U.S. taxable global custody . . $8,400,000,000
U.S. tax-exempt global custody clients . . . 86
U.S. taxable global custody clients 55
Account supervisors 18

Of State Street Bank's global custody assets for U.S. tax-exempt clients, $22.756 billion is overseen on its behalf by subcustodians and $4.672 billion constitutes subcustodial accounts it oversees for others.

The three primary subcustodians in its network are Sumitomo Trust and Banking Co., Tokyo; State Street London Ltd., London; and Euroclear, Brussels.

The United States is served directly. In addition, 25 countries are served by subcustodians.

Foreign exchange capabilities are offered in over 40 currencies, including countries serviced by subcustodians.

Foreign tax withholding assistance is offered worldwide for countries where a non-resident tax is withheld on dividend and investment payments.

Fees are unbundled, based on costs of investing in various foreign markets.

Monthly transaction and asset/liability reports are available in five to 10 days; performance measurement reports, in eight to 13 days. All holdings, transactions and income receivable reports are available on-line.

Frank Antin, senior vice president-master trust marketing and client services, is client contact.

Trust Co. Bank

25 Park Place, Atlanta, Ga. 30303; (404) 581-1566

Total global custody assets . . . $3,790,000,000
U.S. tax-exempt global custody . . $2,000,000
U.S. taxable global custody . . $3,788,000,000
U.S. tax-exempt global custody clients 1
U.S. taxable global custody clients 1
Account supervisors 1

All of Trust Co. Bank's $2.1 million in global custody assets for U.S. tax-exempt clients is overseen on its behalf by State Street Bank & Trust Co.'s subcustodian network.

There are 23 countries served by the subcustodian network. Foreign exchange capabilities and foreign tax withholding assistance are offered in all covered countries.

Fees are based on net asset value.

Monthly transaction, asset and liability and performance measurement reports are available within an average of seven business days. Transaction and asset and liability reports are available on-line.

The client contact is Henry W. Lautz, group vice president.

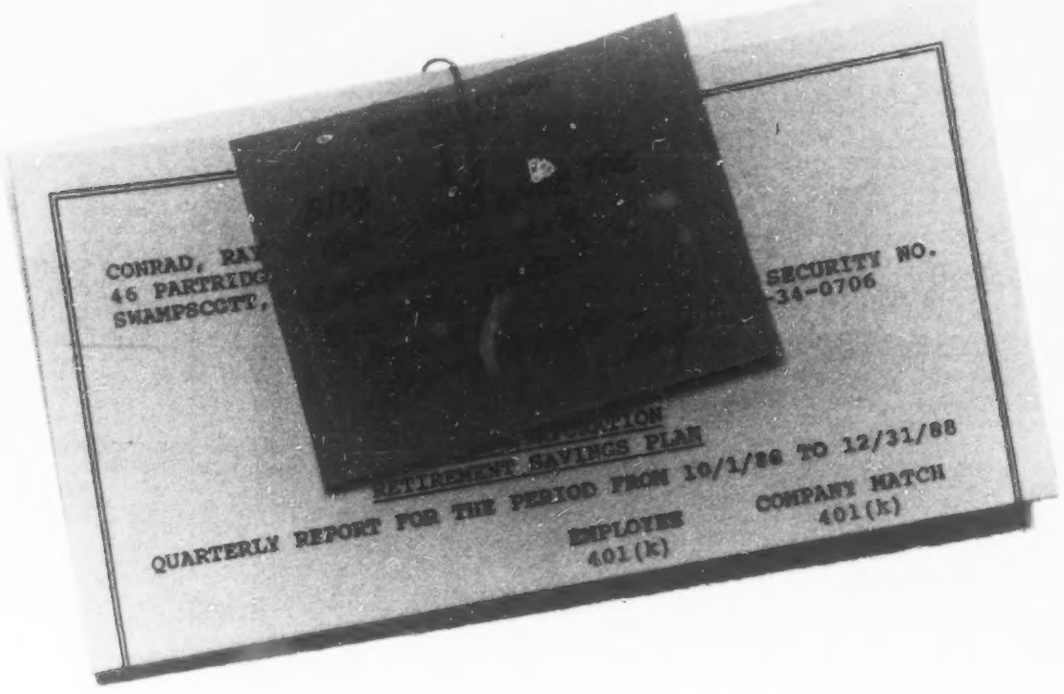
United States Trust Co.

45 Wall St., New York, N.Y. 10005; (212) 806-4500

Total global custody assets . . . $2,694,000,000
U.S. tax-exempt global custody $242,000,000
U.S. taxable global custody . . $2,452,000,000
U.S. tax-exempt global custody clients . . . 43
U.S. taxable global custody clients 186
Account supervisors 4

All of United States Trust Co.'s $2.12 million in global custody assets for U.S. tax-exempt clients is overseen on its behalf by subcustodians.

The three primary subcustodians in its network are Mitsubishi Bank Ltd., Japan; National Westminster Bank,



Is there any such thing as a hassle-free 401(k)?

One with single-source capability? From investment management, to record-keeping, to employee communications support?

One that gives you 30-day statements that are punctual as well as accurate?

One that offers nationally advertised mutual funds including Fidelity Magellan Fund, Fidelity Puritan Fund and Fidelity Equity-Income Fund, as well as money market funds and GIC's? With optional, daily toll-free exchange privileges?

One that provides a dedicated support team that helps you market the plan to your employees for maximum participation?

A program flexible enough for leading corporations all over the United States?

Wouldn't it be worth a phone call to find out?

To learn more about Fidelity's 401(k) and other defined contribution plan services, please call Jeffrey Paster, Vice President, at 1-800-345-5033, extension 5692. (In Massachusetts, call collect, 617-570-5692.)

Fidelity Investments

Fidelity Institutional Retirement Services Company

Fidelity Distributors Corporation, (General Distribution Agent)
82 Devonshire Street, Boston, MA 02109

For more complete information including management fees, expenses and sales charges, call for free prospectuses. Read them carefully before you invest or send money.

Fidelity Investments Institutional Services Company, NASD Member.

United Kingdom; and Royal Bank of Canada, Canada.

There are 19 countries served by the subcustodian network. Foreign exchange capabilities and foreign tax withholding assistance are offered in all countries.

Fees are based on assets and transactions and depend on the countries involved.

Monthly transaction reports are available in two to three business days; asset and liability reports, five to seven business days; and performance measurement reports, six to eight business days. All are available on-line.

The client contact is Joseph Delli-Carpini, vice president.

Wilmington Trust Co.
Rodney Square North, Wilmington, Del. 19890; (302) 651-1000

Total global custody assets	$1,100,000,000
U.S. tax-exempt global custody	$1,000,000,000
U.S. taxable global custody	$100,000,000
U.S. tax-exempt global custody clients	44
U.S. taxable global custody clients	12
Account supervisors	1

All of Wilmington Trust Co.'s $1 billion in global custody assets for U.S. tax-exempt clients is overseen on its behalf by subcustodians. Its primary subcustodian is Chase Manhattan Bank.

There are 30 countries served by the subcustodian network. Foreign tax withholding assistance is offered.

Fees are based on asset value and transactions.

Monthly transaction reports are available in one day; asset and liability reports, two days; and performance measurement reports, 12 days. Monthly transaction and asset and liability reports are available on-line.

The client contact is Barbara A. Uberti.

$1.8 trillion

Continued from page 25

master trustees," said Scott Morgan, senior vice president in charge of U.S. services at Northern Trust Co., Chicago.

Service providers and observers foresee further consolidation and concentration in the master trustee/custodian business: In the past year, for example, mergers and acquisitions helped reorder *P&I Age*'s rankings.

Bank of New York, ranked eighth in total assets last year, moved up to fifth in 1989 with the acquisition of Irving Trust Co., New York, ranked ninth last year. Centerre Trust Co., St. Louis, ranked 25th last year, and Boatmen's National Bank of St. Louis, not ranked last year, merged to form Boatmen's Trust Co., now ranked 21st.

In the past few years, several banks, such as First National Bank of Chicago and Wells Fargo Bank, San Francisco, have left the directed master trust business. Mr. Martin said he wouldn't be surprised to see more banks do so, and for business to become even more concentrated among the top few banks.

Still, concentration among the top banks in the universe didn't really increase in the past year. The top 10 in the rankings still retained roughly half the assets in the universe, and the top five stayed at about 77%.

State Street Bank & Trust Co., Boston, remained in first place, with a 25.4% increase in U.S. master trust and custody assets, and a rise in market share, to 13.2% from 12.5%.

Bankers Trust remained second, while Northern Trust rose to third from fourth, changing places with Chase Manhattan Bank, New York.

Among the top five Canadian master trust banks, total assets decreased 10.8%, to $30,950

Booming

Continued from page 25

pension funds are the major source of growth, but they have provided services for institutions such as mutual funds, insurance companies and overseas entities for years.

"Mutual funds kind of led the way," said Phil Stambaugh, senior vice president of State Street Bank & Trust Co., Boston. State Street has the largest amount of U.S. tax-exempt institutional assets under global custody, with $24.009 billion, a 34.5% increase from last year; for total worldwide global custody assets, it ranked third with about $50.809 billion, after Chase Manhattan, with $68 billion, and Citibank, New York, with $52 billion.

In the area of U.S. tax-exempt institutional global custody, Northern Trust's assets surged 123% to $9.6 billion, catapulting the trust company three places in the rankings to third. Chase, which remained in second, saw its assets increase 29% to $20.7 billion.

The fourth and fifth spots were taken by two global custodians that weren't ranked last year, Mitsubishi Global Custody — Bank of California, Los Angeles, and Morgan Guaranty Trust Co., New York. Bankers Trust fell to sixth from fourth, while Boston Safe stayed at seventh and Citibank remained eighth, even though its assets doubled to $5 billion.

The top 10 global custodians' share of the U.S. tax-exempt market stayed at about 87% from 1988 to 1989, while the top five's share remained about two-thirds.

U.S. banks can provide global custody services either through their own branches in other countries or, if they don't have a lot of branches, through a network of subcustodians overseas.

Citibank is one that operates mostly through its own branches; of the 36 banks its uses in global custody operations, 23 are affiliated with Citibank or its parent, Citicorp, said Kevin Smith, vice president in charge of custody administration. Working with affiliates ensures service continuity, clear communications and ease of monitoring costs, he said.

But officials of banks operating with non-affiliated subcustodians said it's possible to ensure good service this way, too. Boston Safe, with just one branch overseas, puts subcustodians through an extensive evaluation process, Mr. Carty said. "They have to commit to us to meet our standards," he said. If data processing and securities processing are just a sideline to these banks, he said, Boston Safe isn't interested in them.

Chase Manhattan branches handle its global custody business in 10 of the 35 countries the bank's network covers, Ms. Schoon said. Within the next three years, the bank would like to move as many of the other 25 as possible to Chase Manhattan affiliates, as they get the capabilities set up, she said.

Securities lending, which has been an aspect of domestic master trust business for some time, is extending to the global area.

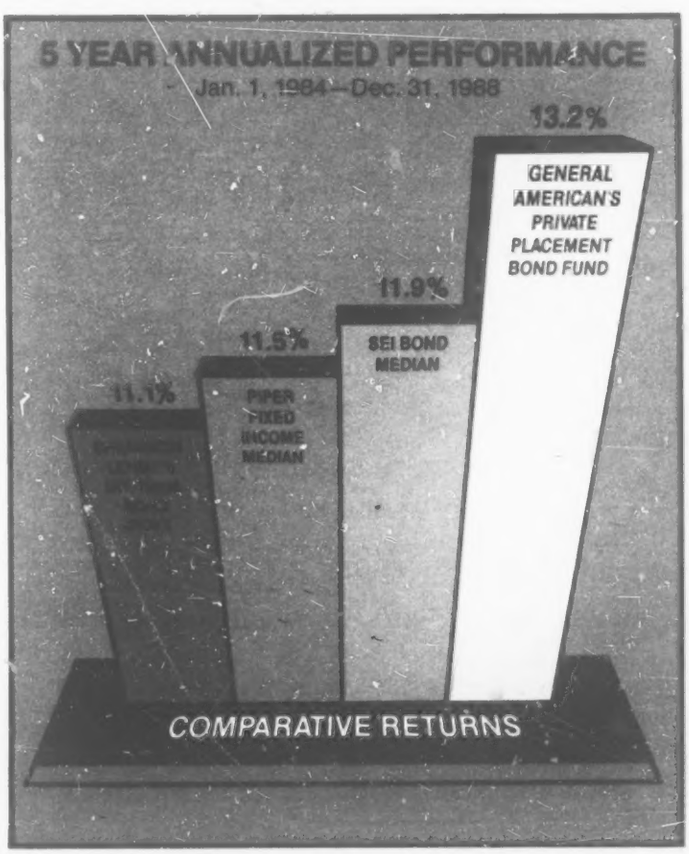
"It is a very, very important product," Ms. Schoon said. "We find that our clients require it. When they hire a global custodian, they assume global securities lending is available."

There has to be a large and liquid market for the securities to be lent, however, so Japanese and British securities are the ones most frequently used in global lending to date. ■

PRIVATE PLACEMENT BOND LEADER

General American Tops Leading Fund Performance Indicators

Over the past five years, on an annualized basis, our Private Placement Bond Fund has outperformed three leading performance indicators.



General American's five-year annualized performance ranks in the *top 25%* of fixed income funds measured by both SEI and PIPER.

This superior performance is achieved through the selection of quality bond investments with strong return characteristics—not through speculation on future interest rates. By carefully screening opportunities in the private placement market, we seek out issues which provide:

1. Consistently superior yields
2. Protection against quality downgrades (event risk)
3. Stronger call protection
4. Specified collateral
5. Limitation on total indebtedness.

With over 30 years experience in pension fund investment management, more than 1,000 pension clients, and over $1.6 billion in Private Placement Bond holdings, we offer solid long-term performance.

General American is a FORTUNE 50 insurance company with over $5 billion in assets. For more information on Private Placement Bonds or other pension investment opportunities, mail the coupon or call Ron Drury, Vice President-Group Pension Sales and Marketing, 1-800-325-3061 (In Missouri 1-800-392-0017).

General American
products to value

General American Pension Marketing
700 Market Street, St. Louis, MO 63101

Please send more information on the Private Placement Bond Fund.

NAME _____ TITLE _____

COMPANY _____ PHONE _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

The Investor's Choice